

**CORONAVIRUS ADVISORY
INFORMATION:**

[CLICK HERE](#) for City Updates

[CLICK HERE](#) for County Updates



CITY COUNCIL

Vincent Salimi, Mayor
Devin Murphy, Mayor Pro Tem
Anthony Tave, Council Member
Maureen Toms, Council Member
Norma Martínez-Rubin, Council Member

**PINOLE CITY COUNCIL
SPECIAL MEETING AGENDA**

**TUESDAY
April 26, 2022
6:00 P.M**

Please note: HYBRID MEETING FORMAT

**Attend in person : PINOLE CITY COUNCIL CHAMBERS - 2131 PEAR STREET
OR**

Attend VIA ZOOM TELECONFERENCE – Details provided below

Please note: Updated COVID-19 safety protocols will be posted outside the City Council Chambers. Please review this information before entering the Council Chambers.

How to Submit Public Comments:

In Person: Attend meeting at the Pinole City Council Chambers, fill out a yellow public comment card and submit it to the City Clerk.

Via Zoom:

Members of the public may submit a live remote public comment via Zoom video conferencing. Download the Zoom mobile app from the Apple Appstore or Google Play. If you are using a desktop computer, you can test your connection to Zoom by clicking [here](#). Zoom also allows you to join the meeting by phone.

From a PC, Mac, iPad, iPhone or Android:

<https://us02web.zoom.us/j/89335000272>

Webinar ID: 893 3500 0272

By phone: +1 (669) 900-6833 or +1 (253) 215-8782 or +1 (346) 248-7799

- Speakers will be asked to provide their name and city of residence, although providing this is not required for participation.
- Each speaker will be afforded up to 3 minutes to speak (subject to modification by the Mayor)
- Speakers will be muted until their opportunity to provide public comment.

When the Mayor opens the comment period for the item you wish to speak on, please use the “raise hand” feature (or press *9 if connecting via telephone) which will alert staff that you have a comment to provide and press *6 to unmute. **To comment with your video enabled, please let the City Clerk know you would like to turn your camera on once you are called to speak.**

Written Comments: All comments received **before 3:00 pm the day of the meeting** will be posted on the City's website on the agenda page ([Agenda Page Link](#)) and provided to the City Council prior to the meeting. **Written comments will not be read aloud during the meeting.** Email comments to comment@ci.pinole.ca.us Please indicate which item on the agenda you are commenting on in the subject line of your email.

Please note: Updated COVID-19 safety protocols will be posted outside the City Council Chambers. Please review this information before entering the Council Chambers.

OTHER WAYS TO WATCH THE MEETING

LIVE ON CHANNEL 26. They are retelecast the following Thursday at 6:00 p.m. The Community TV Channel 26 schedule is published on the city's website at www.ci.pinole.ca.us.

VIDEO-STREAMED LIVE ON THE CITY'S WEBSITE, www.ci.pinole.ca.us. and remain archived on the site for five (5) years.

If none of these options are available to you, or you need assistance with public comment, please contact the City Clerk, Heather Bell at (510) 724-8928 or hbell@ci.pinole.ca.us .

Americans With Disabilities Act: In compliance with the Americans With Disabilities Act of 1990, if you need special assistance to participate in a City Meeting or you need a copy of the agenda, or the agenda packet in an appropriate alternative format, please contact the City Clerk's Office at (510) 724-8928. Notification at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Note: Staff reports are available for inspection on the City Website at www.ci.pinole.ca.us. You may also contact the City Clerk via e-mail at hbell@ci.pinole.ca.us .

Ralph M. Brown Act. Gov. Code § 54950. *In enacting this chapter, the Legislature finds and declares that the public commissions, boards and councils and the other public agencies in this State exist to aid in the conduct of the people's business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly. The people of this State do not yield their sovereignty to the agencies, which serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created.*

1. CALL TO ORDER & PLEDGE OF ALLEGIANCE IN HONOR OF THE US MILITARY TROOPS

2. LAND ACKNOWLEDGMENT

Before we begin, we would like to acknowledge the Ohlone people, who are the traditional custodians of this land. We pay our respects to the Ohlone elders, past, present, and future, who call this place, Ohlone Land, the land that Pinole sits upon, their home. We are proud to continue their tradition of coming together and growing as a community. We thank the Ohlone community for their stewardship and support, and we look forward to strengthening our ties as we continue our relationship of mutual respect and understanding.

3. ROLL CALL, CITY CLERK'S REPORT & STATEMENT OF CONFLICT

An official who has a conflict must, prior to consideration of the decision: (1) publicly identify in detail the financial interest that causes the conflict; (2) recuse himself /herself from discussing and voting on the matter; and (3) leave the room until after the decision has been made, Cal. Gov't Code § 87105.

4. CITIZENS TO BE HEARD (Public Comments)

Citizens may speak under any item not listed on the Agenda. *The time limit is 3 minutes for City Council items and is subject to modification by the Mayor. Individuals may not share or offer time to another speaker. Pursuant to provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future meeting.*

5. WORKSHOP ITEMS

- A. Fiscal Year (FY) 2022/23 General Fund Baseline Budget [Action: Receive Report and Provide Direction (Guillory)]
- B. Preliminary Proposed Long-Term Financial Plan for Fiscal Year (FY) 2022/23-FY 2026/27 [Action: Receive Report and Provide Direction (Guillory)]
- C. Overview of Proposed Projects for FY 2022-23 Through 2026-27 Five-Year Capital Improvement Plan [Action: Receive Report and Provide Direction (Mishra)]

6. ADJOURNMENT to the Regular City Council Meeting of May 3, 2022 in Remembrance of Amber Swartz.

I hereby certify under the laws of the State of California that the foregoing Agenda was posted on the bulletin board at the main entrance of Pinole City Hall, 2131 Pear Street Pinole, CA, on the City's website, not less than 72 hours prior to the meeting date set forth on this agenda.

POSTED: April 21, 2022 at 5:00 P.M.

Heather Bell, CMC
City Clerk



CITY COUNCIL REPORT

DATE: APRIL 26, 2022

TO: MAYOR AND COUNCIL MEMBERS

FROM: MARKISHA GUILLORY, FINANCE DIRECTOR

SUBJECT: FISCAL YEAR (FY) 2022/23 GENERAL FUND BASELINE BUDGET

RECOMMENDATION

City staff recommends that the City Council receive a report on the fiscal year (FY) 2022/23 General Fund baseline budget, and direct staff to evaluate Council Member requests for potential budget additions/deletions.

BACKGROUND

The City operates on an annual budget cycle. Through the budget, the City Council approves revenue estimates and authorizes City staff to expend the City's financial resources. City staff is responsible for preparing a proposed budget for City Council's consideration, modification, and adoption.

The purpose of this agenda item is to provide the City Council with an overview of the FY 2022/23 General Fund baseline budget and to receive requests from the City Council for staff to research potential additions or deletions to the baseline to be included in the adopted FY 2022/23 budget.

The baseline budget for the upcoming fiscal year contains all of the ongoing revenue and expenditure items of the current budget adjusted based on known or anticipated changes due to economic conditions, contractual agreements, etc. It is the starting point from which staff prepares the proposed budget for the upcoming fiscal year and the status quo long-term financial forecast. As we move through the budget process, the baseline budget will be modified and refined until the final proposed budget is adopted by the City Council in June 2022. The baseline budget includes the General Fund (including Measure S 2006 and 2014) only and does not include non-General Funds (i.e., special revenue funds, capital projects funds, and enterprise funds).

REVIEW AND ANALYSIS

Budget Development Process

As noted above, the City goes through an annual process of developing a budget for the upcoming fiscal year. The City's budget development process is considered an "incremental" budget process, meaning that the budget for the upcoming year is developed based on the current year's budget and includes incremental changes. City staff takes the following steps to create the Preliminary Proposed budget:

- Finance Department will use the current FY 2021/22 budget, which incorporates any mid-year changes approved by the City Council, as the starting point;
- Finance Department creates a "baseline budget" for FY 2022/23 by taking the ongoing revenues and expenditures included in the current FY 2021/22 budget and factoring in known or assumed changes, which departments confirm, to ongoing revenues and expenditures for FY 2022/23 (i.e., forecasted changes to different revenue streams, general inflation, known changes to debt service, etc.);
- Departments submit requests for changes from the baseline budget to address proposed special projects or increased service levels; and
- Finance Department and City Manager consider department requests for changes to the baseline budget and prepare a Preliminary Proposed budget for the City Council's consideration.

City staff presented the FY 2022/23 General Fund baseline budget to the Finance Subcommittee on April 14, 2022. The only change made was to the FY 2021/22 Baseline Budget in Table 1 below. A one-time revenue of \$600,000 in the "Other Revenues" category was removed to show the true baseline to baseline comparison for FY 2021/22 and FY 2022/23.

Fiscal Year (FY) 2022/23 General Fund Baseline Budget

The FY 2022/23 General Fund baseline budget includes recurring General Fund revenues, such as the tax revenues, public safety charges, other revenues, and transfers in. Revenues have been adjusted to reflect growth rate assumptions. Recurring General Fund expenditures have also been adjusted. This includes increases in the salaries/wages to account for contract salary increases, increases in benefits consistent with updated rates, and inflationary increases in operations and maintenance. The baseline budget assumes no change in the staff levels or programs. The baseline budget illustrates whether, if the City maintains its current revenue mechanisms and staffing and service levels, the budget would be balanced or not. It is a public finance best practice, and a goal of the City's Financial Policy on a Structurally Balanced Budget, to create a proposed General Fund operating budget that is structurally balanced, meaning that ongoing revenues equal or exceed ongoing expenditures.

Components of the FY 2022/23 Baseline Budget

The FY 2022/23 baseline budget projection indicates that the City's ongoing revenues are sufficient to cover its ongoing expenditures and the City will be able to continue to fully fund the General Reserve.

Following are the components that are included in the FY 2022/23 baseline budget. Table 1 below compares the FY 2021/22 baseline budget to the FY 2022/23 baseline budget.

Table 1 – Comparison of FY 2021/22 and FY 2022/23 General Fund Baseline Budgets

	FY 2021/22	FY2022/23	\$ Change	% Change
	Baseline	Baseline		
SOURCES				
PROPERTY TAX	4,230,122	4,642,585	412,463	10%
SALES TAX	4,483,848	4,582,095	98,247	2%
MEAS S 2006 & 2014 LOCAL SALES TAX	4,840,000	4,902,000	62,000	1%
UTILITY USERS TAX	1,915,000	1,934,150	19,150	1%
FRANCHISE TAX	779,000	786,790	7,790	1%
INTERGOVERNMENTAL TAX - VLF	2,082,883	2,215,948	133,065	6%
TRANSIENT OCCUPANCY TAX	418,000	440,000	22,000	5%
BUSINESS LICENSE	382,000	400,000	18,000	5%
CHARGES FOR SERVICES	1,339,796	1,428,005	88,209	7%
OTHER REVENUES	518,140	523,321	5,181	1%
Total Revenues	20,988,789	21,854,894	866,105	4%
TRANSFERS IN	853,686	1,434,048	580,362	68%
Total Sources	21,842,475	23,288,942	1,446,467	7%
USES				
SALARIES & WAGES	10,553,426	10,870,029	316,603	3%
BENEFITS - PERS Retirement	3,447,080	3,688,376	241,296	7%
BENEFITS - OTHER	3,374,993	3,543,743	168,750	5%
OPERATIONS AND MAINTENANCE	3,082,147	3,174,611	92,464	3%
CAPITAL OUTLAY	157,186	161,902	4,716	3%
DEBT SERVICE	576,107	596,150	20,043	3%
Total Expenditures	21,190,939	22,034,811	843,872	4%
TRANSFERS OUT	1,418,455	1,418,455	-	0%
Total Uses	22,609,394	23,453,266	843,872	4%
Net Surplus/(Deficit)	(766,919)	(164,324)		

Revenues

Property Tax

Property tax is an ad valorem tax imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (movable property). The fixed statutory rate is 1% of assessed valuation. Assessed value is based on the 1975 property values with subsequent increases limited to 2% or CPI growth, whichever is less. However, when there is a change in property ownership, property renovation, or new construction, property is reappraised at its full current market value.

Property tax is made up of four components—secured (basic and Redevelopment Property Tax Trust Fund (RPTTF); unsecured; supplemental; and property transfer tax. The 10% growth rate is due to an increase in the residual RPTTF revenue as a result of gradually declining payments due on former Redevelopment debt.

Sales Tax

The overall sales tax rate on purchases made in Pinole is 9.75%. Of that amount, the City receives the statewide standard 1% (referred to as the Bradley Burns sales tax) plus 0.5% due to Measure S 2006 and 0.5% due to Measure S 2014. The FY 2022/23 baseline budget assumes a 2% growth rate in the City's sales tax revenue, consistent with projections provided by HdL, the City's sales tax consultant.

Utility Users Tax

Utility Users' Tax (UUT) is an 8% tax levied on the consumption of telecommunication, gas, and electricity. The FY 2022/23 baseline budget assumes a 1% growth rate based on financial and industry trend analysis.

Franchise tax

Franchise tax is levied at an average of 5% on public utilities and other corporations that furnish gas, electric, water, Cable TV, refuse or similar services to citizens living within city boundaries. The various fees are delineated in franchise agreements and are paid directly to the city by these franchisees. Estimates are based on historical experience considering contract amendments which impact future years. The FY 2022/23 baseline budget assumes a 1% growth rate.

Intergovernmental Taxes

Motor vehicle in-lieu fee (VLF) is the City's share of motor vehicle license fees levied, collected and apportioned by the State. VLF is a tax on the ownership of registered motor vehicles which takes the place of taxation of this personal property. The VLF is paid annually at the time vehicle licenses are renewed based on current value

adjusted for depreciation. The FY 2022/23 baseline budget assumes a 6% growth rate, consistent with projections provided by HdL, the City's property tax consultant.

Transient Occupancy Tax

Transient occupancy tax (TOT) is a 10% tax levied by the City for the privilege of occupying quarters on a transient basis in accordance with Chapter 3.24 of Municipal Code. This tax is imposed upon persons staying 30 days or less in a motel or lodging facility. The FY 2022/23 baseline budget assumes a 5% growth rate based on industry trends.

Business License Tax

Business license tax is assessed on all businesses doing business within City limits in accordance with Municipal Code Title 5. The City charges business license tax in accordance with the provisions of Government Code 37101. Pinole's tax is computed based on a flat tax (currently \$152) per year combined with a variable tax component based on number of employees engaged in each business. The FY 2022/23 baseline budget assumes a 5% growth rate based on trends.

Public Safety Charges

Public safety charges are received for dispatch services provided to the cities of Hercules and San Pablo under an Intergovernmental Service Sharing agreement. A portion of the costs of this activity are reimbursed by the City of Hercules and City of San Pablo. Under the current agreement, the City's recovers approximately 67% of the activity's budget. The FY 2022/23 baseline budget assumes a 7% increase based on the established formula.

Other Revenues

Other revenues is made up of all other revenue sources, such as fees, permits, interest income, grants, reimbursements, and other miscellaneous revenue. These revenues are projected primarily using historical trend analysis. The FY 2022/23 baseline budget assumes a 1% growth rate and was adjusted to exclude a \$600,000 one-time revenue that was expected in FY 2021/22.

Transfers In

The transfer in comes from the Pension Section 115 Trust to offset the increase in pension costs in the General Fund. The amount transferred is based on the difference between the City's base year (FY 2018/19) contribution toward employee pensions and the forecasted required City contribution in future years.

Expenditures

Salaries & Wages

Salaries and wages expenditures in the baseline budget are computed based on the City's current staffing level (123 FTEs) and agreed-upon changes to salaries and wages for different classifications. It should be noted that the baseline budget captures several new positions that were added to the budget in FY 2021/22. These critical positions were added as a result of the City's organizational assessment, the fire service delivery study, and operational needs. The FY 2022/23 baseline budget assumes the standard 3% growth rate. The same growth rate is assumed for annual salary increases for the new labor agreement that is underway with the Pinole Police Employees Association (PPEA).

Benefits – PERS Retirement

Retirement benefits are the City's annual required contribution as determined by the most recent actuarial valuation reports as of July 2020 provided by the California Public Employees' Retirement System (CalPERS). The FY 2022/23 baseline budget reflects the cost net of the required employer contribution minus employee contributions. As a result of recent negotiations between the City and most of the unions representing City employees, City employees' contribution toward their pension benefit was reduced in FY 2021/22. This reduced employee contribution is included in the FY 2022/23 baseline budget per the labor memorandums of understanding (MOUs).

Benefits – Other

Other benefits costs include employee medical/dental/vision care, workers' compensation, general liability, and others. The benefits cost in the FY 2022/23 baseline budget is based primarily on rate schedules provided by outside agencies, such as CalPERS. The FY 2022/23 baseline budget assumes a 5% growth rate.

Operations and Maintenance

Operations and maintenance is primarily discretionary and non-personnel related expenditures, such as professional services, utilities, and materials and supplies. FY 2022/23 baseline budget assumes a 3% increase to account for anticipated increases in the price of goods and services.

Several non-recurring budget additions (professional services) that were previously included in the budget projection and funded by the General Fund Measure S are not reflected in the FY 2022/23 baseline budget.

Capital Outlay

Capital outlay includes non-major asset acquisition and improvements, such as computer equipment and furniture. The FY 2022/23 baseline budget assumes a 3% growth rate to account for anticipated increases in the price of goods and services.

Major capital improvements that were previously included in the budget projection and funded by the General Fund and Measure S are not reflected in the FY 2022/23 baseline budget. Though they may span multiple fiscal years, capital projects are non-recurring in nature and are not accounted for in the baseline budget.

Debt Service

This category includes the payment of principal and interest on the 2006 pension obligation bonds (POBs) that were issued to finance the City's unfunded accrued actuarial liability with CalPERS. The future years are forecasted based on the long-term debt obligation schedule. This debt will be fully paid and retired in FY 2035/36.

Transfers Out

Transfers out includes the transfer of funds from the General Fund and Measure S to other funds to support Recreation and Pinole Community Television (PCTV) operations. The transfer helps to stabilize the budgets in those areas as the operating costs are not fully recoverable. The FY 2022/23 baseline budget assumes a flat dollar amount consistent with past practice.

City Council Directed Initiatives (Budget Additions)

During City Council deliberations on the FY 2021/22 Operating and Capital Budget in June 2021, the Council included some specific appropriations requested by Council Members. Staff recommends that as part of the FY 2022/23 budget development process, the Council share their ideas on potential additions and deletions to the budget early in the process (the April 26, 2022 special City Council meeting) so that staff can analyze the costs, benefits, and feasibility of the requests.

Following are the appropriations that the City Council directed staff to add to the FY 2021/22 Operating and Capital Budget. The items were funded mainly by the General Fund and Measure S unassigned fund balances. See Table 2 for the status of those items.

Table 2 – Status of Council Directed Initiatives (Budget Additions)

Recurring	Amount	Status
Change two Community Services Officers from part-time to full-time	100,000	Ongoing
Economic development support	80,000	Ongoing
Non-Recurring		
Active transportation plan	75,000	Planned for FY 2022/23
Beautification projects recommended by Ad Hoc Committee	60,000	Planned for FY 2022/23
Brandt Court street improvements	170,000	Planned for FY 2022/23
Business development/community help reserve	10,000	No activity
Car show	15,000	Completed
City Hall planting/landscaping improvements	20,000	In progress
Emergency power for critical failures	200,000	Planned for FY 2022/23
Installation of high capacity trash bins (Non-General Fund)	425,000	Planned for FY 2022/23
Management compensation study	20,000	Completed
Municipal broadband planning	60,000	Planned for FY 2022/23
On-call consultants for capital projects	150,000	In progress
Other City events	100,000	In progress
Recycled water master planning	200,000	Planned for FY 2022/23
Revitalization reserve	10,000	No activity
Weatherization/energy efficiency program	250,000	No activity

City Department Presentations

City departments work collaboratively to develop the annual operating and capital budget, which serves as the operational and financial plan for the fiscal year. An important part of understanding the budget is being familiar with the activities of City departments. Therefore, staff from each City department will present an overview of their department's major services and functions, key accomplishments in FY 2021/22, and major projects planned for FY 2022/23.

Next Steps

City staff will return to the City Council on May 3, 2022 to present its analysis of the costs, benefits, and feasibility of the Council Members' ideas on additions and deletions to the baseline budget and to present the Preliminary Proposed FY 2022/23 Operating and Capital Budget and the FY 2022/23 Five-Year Capital Improvement Plan (CIP).

FISCAL IMPACT

The presentation of the FY 2022/23 baseline budget does not itself have any fiscal impact to the City.

ATTACHMENTS

None



CITY COUNCIL REPORT

5B

DATE: APRIL 26, 2022

TO: MAYOR AND COUNCIL MEMBERS

FROM: MARKISHA GUILLORY, FINANCE DIRECTOR

**SUBJECT: PRELIMINARY PROPOSED LONG-TERM FINANCIAL PLAN FOR
FISCAL YEAR (FY) 2022/23 - FY 2026/27**

RECOMMENDATION

Review the Preliminary Proposed Long-Term Financial Plan for Fiscal Year (FY) 2022/23 - FY 2026/27 and provide direction to staff for changes to incorporate into the next draft of the document, the Revised Proposed version.

BACKGROUND

In February 2020, the City Council adopted the City of Pinole Strategic Plan 2020 – 2025. The Strategic Plan identified four goals for the City (safe and resilient, financially stable, vibrant and beautiful, and high performance), and 22 individual strategies (special projects) to complete over a five-year timeframe.

One of the strategies under the goal of a financially stable Pinole is to “develop a long-term financial plan (LTFP) and use it to guide budget and financial decisions (including policies regarding reserves and management of liabilities).”

The City developed its first Long-Term Financial Plan, for Fiscal Year (FY) 2021/22 - FY 2025/26, in spring 2021 to address this Strategic Plan strategy. As an ongoing practice, staff will update the LTFP periodically.

Staff has created the attached Preliminary Proposed Long-Term Financial Plan for Fiscal Year (FY) 2022/23 - FY 2026/27. One important element of a LTFP is a long-term financial forecast. City staff presented the Status Quo Financial Forecast for FY 2022/23 - FY 2026/27 to the Finance Subcommittee on April 14, 2022. The Finance Subcommittee discussed the forecast and asked questions of staff. Staff has incorporated the Status Quo Financial Forecast for FY 2022/23 - FY 2026/27 into the Preliminary Proposed Long-Term Financial Plan for Fiscal Year (FY) 2022/23 - FY 2026/27.

The Preliminary Proposed Long-Term Financial Plan for Fiscal Year (FY) 2022/23 - FY 2026/27 is a hybrid document. Some of the sections, such as the background and

forecast, are in near-final form, whereas other sections, such as the major challenges and opportunities, policy alternatives, and optimal service levels and revenues, are draft, and need community and Council review and direction to finalize.

REVIEW AND ANALYSIS

The LTFP identifies any major economic or demographic trends that might impact future requests for City services or City revenues. As noted above, it includes a five-year forecast of all City funds, including the General Fund and Non-General Funds, based on the City's current services and revenue sources and assumptions about the future. The forecast anticipates that the General Fund will be essentially balanced throughout the five-year timeframe. The Preliminary Proposed Long-Term Financial Plan for Fiscal Year (FY) 2022/23 - FY 2026/27 recommends that the City maintain current service and staffing levels, and look for new funding sources to address deferred capital needs and unfunded liabilities.

FISCAL IMPACT

The Long-Term Financial Plan for Fiscal Year (FY) 2022/23 - FY 2026/27 adopted by the City Council will be a valuable resource for City leaders when they make future financial and operational decisions. The LTFP does not itself require or authorize any expenditure of City funds, and therefore does not itself have any fiscal impact to the City.

ATTACHMENTS

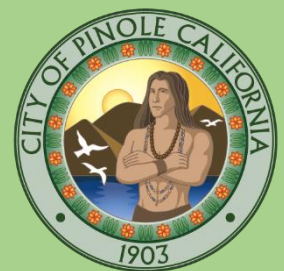
- A - Preliminary Proposed Long-Term Financial Plan for Fiscal Year (FY) 2022/23
- FY 2026/27

City of Pinole

Long-Term Financial Plan for Fiscal
Year (FY) 2022/23 - FY 2026/27



Preliminary Proposed Version



Page intentionally blank

TABLE OF CONTENTS

Table of Contents	i
Elected Officials and Department Heads	iv
Strategic Plan 2020 – 2025 Vision, Mission, and Goals	v
Executive Summary	1
Introduction	2
Background.....	2
Purpose.....	2
Scope	2
Development Process.....	2
Long-Term Financial Forecast.....	4
Introduction.....	4
Forecast Methodology	4
Major Economic and Demographic Trends.....	4
Demographic and Cultural Changes	4
Economic Changes.....	5
Status Quo Forecast	6
Revenues	8
Expenditures.....	10
Fund Balance	11
Non-General Funds	12
Gas Tax Fund.....	12
Restricted Real Estate Maintenance Fund	13
Public Safety Augmentation Fund	13
Traffic Safety Fund	14
Supplemental Law Enforcement Service Fund.....	14
Storm Water Fund	14
Recreation Fund.....	15
Building and Planning Fund	15

Refuse Management Fund	16
Solid Waste Fund	16
Measure C/J Fund	17
Rate Stabilization Fund	17
American Rescue Plan Act (ARPA) Fund	18
Parkland Dedication Fund	18
Growth Impact Fund.....	19
Housing Assets Held for Resale Fund	19
Landscape & Lighting District Fund	19
City Street Improvements Fund	20
Arterial Streets Rehabilitation Fund	20
Sewer Enterprise Fund	20
Pinole Community Television Fund	21
Information Systems Fund.....	21
Major Challenges and Opportunities Over the Next Five Years	23
Major Challenges.....	23
Major Opportunities.....	24
Policy Alternatives - Additional Discretionary Expenditures	26
Unfunded/Deferred Liabilities	26
Unfunded Liabilities.....	26
Deferred Maintenance and Renewal	28
Service and Program Expansion	29
Expansion of Existing Services	29
New Services.....	30
Capital Expansion.....	31
Additional Reserves	31
Policy Alternatives – Additional Revenue and Expenditure Reduction Options	33
Additional Revenue	33
New Local Revenue	33
New Federal Funding.....	37
Additional Cash from Debt	37

Expenditure Reductions	38
Optimal Service Levels and Revenues	39
Recommendations	40
Summary and Next Steps.....	41

ELECTED OFFICIALS AND DEPARTMENT HEADS

ELECTED OFFICIALS

Mayor	Vincent Salimi
Mayor Pro Tem	Devin Murphy
Council Member	Norma Martinez-Rubin
Council Member	Anthony Tave
Council Member	Maureen Toms
Treasurer	Roy Swearingen

DEPARTMENT HEADS

City Manager	Andrew Murray
City Attorney (Contract)	Eric Casher
City Clerk	Heather Bell
Community Development Director	Lilly Whalen
Community Services Director	<i>Vacant</i>
Finance Director	Markisha Guillory
Fire Chief	Chris Wynkoop
Human Resources Director	Stacy Shell
Police Chief	Neil Gang
Public Works Director	Sanjay Mishra

STRATEGIC PLAN 2020 – 2025 VISION, MISSION, AND GOALS

In February 2020, the City of Pinole adopted a [Strategic Plan 2020 – 2025](#). The Strategic Plan established the following vision, mission, and goals for the City, as well as 22 specific “strategies” (special projects), to be completed over a five-year timeframe, that would help the City achieve the goals.

VISION

Pinole is safe, vibrant, and innovative community with small town charm and high quality of life.

MISSION

Pinole will be efficient, ethical, and effective in delivering quality services with community involvement and fiscal stewardship.

GOALS

1. **Safe and Resilient Pinole:** Develop and communicate resilience through quality public safety service delivery, property maintenance policies and practices, and disciplined investment in community assets.
2. **Financially Stable Pinole:** Ensure the financial health and long-term sustainability of the City.
3. **Vibrant and Beautiful Pinole:** Facilitate a thriving community through development policies and proactive relationship building.
4. **High Performance Pinole:** Build an organization culture that is efficient, ethical, and effective in delivering quality services with community involvement and fiscal stewardship.

EXECUTIVE SUMMARY

The City of Pinole's Long-Term Financial Plan (LTFP) for Fiscal Year (FY) 2022/23 - FY 2026/27 has been created to help implement the City's Strategic Plan 2020 – 2025. It has been developed in conformance with public finance best practices.

The LTFP identifies the major economic and demographic trends that might impact future requests for City services and City revenues. It includes a five-year forecast of all City funds, including the General Fund and Non-General Funds, based on the City's current services and revenue sources and assumptions about the future. The forecast anticipates that the General Fund will be essentially balanced throughout the five-year timeframe.

The LTFP identifies the major challenges and opportunities that the City will likely face over the planning horizon, as well as the main discretionary service level/expenditure options and new revenue options that the City can consider and should bear in mind as it makes future financial and operational decisions.

This LTFP does not recommend any specific new service levels or programs for the City, nor identify specific matching revenue sources to support them. Rather, this LTFP forecasts the City's budget condition over the next five years and identifies a number of revenue and expenditure options the City Council can consider implementing in the future. City staff anticipates creating an updated LTFP on a biennial basis going forward, and expects that future LTFPs will have more specific recommendations on service levels and programs and associated funding sources.

INTRODUCTION

BACKGROUND

In February 2020, the City Council adopted the City of Pinole Strategic Plan 2020 – 2025. The Strategic Plan identified four goals for the City (safe and resilient, financially stable, vibrant and beautiful, and high performance), and 22 individual strategies (special projects) to complete over a five-year timeframe.

One of the strategies under the goal of a financially stable Pinole is to “develop a long-term financial plan (LTFP) and use it to guide budget and financial decisions (including policies regarding reserves and management of liabilities).” The City of Pinole’s inaugural Long-Term Financial Plan (LTFP) for Fiscal Year (FY) 2021/22 - FY 2025/26 was adopted in June 2021 to address this Strategic Plan strategy.

PURPOSE

The purpose of the LTFP is to inform the City’s financial and operational decision making. The LTFP can be used as a guide to many planning and decision-making processes, such as the development of future budgets and Capital Improvement Plans (CIP). The LTFP also marks the beginning of the FY 2022/23 annual budget development process.

SCOPE

The Long-Term Financial Plan (LTFP) for Fiscal Year (FY) 2022/23 - FY 2026/27 covers the revenues and expenditures of the City’s General Fund and Non-General Funds over a five-year period.

DEVELOPMENT PROCESS

City staff (the City Manager, Finance Director, Finance Department staff, and other department heads and staff) began developing the LTFP in winter 2021/2022. The LTFP was created using public finance best practices. Best practices are well summarized in the key publication on municipal long-term financial planning, the Government Finance Officers Association’s (GFOA) *Financing the Future: Long-Term Financial Planning for Local Government*. GFOA, one of the leading professional associations in the public finance field, defines financial forecasting and long-term financial planning as follows:

- Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables.

- Long-term financial planning is the process of aligning financial capacity with long-term service objectives. Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the government's service objectives and financial challenges.

The main tasks required to create the LTFP were the following:

- Forecast revenues and expenditures using key assumptions about the City's operating environment;
- Identify the major challenges and opportunities that the City will face over the next five years;
- Identify policy alternatives, including changes to revenue sources and expenditures, that will result in a sustainable, long-term balance between desired service levels and City financial resources; and
- Gather feedback on a draft LTFP and gain Council approval of the final LTFP.

City staff has completed the necessary tasks using best practices. This has resulted in a LTFP that is consistent with GFOA's Long-Term Financial Planning best practice, which requires that a long-term financial plan:

- Use a planning horizon of at least five years;
- Include an analysis of the financial environment, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance, and plan monitoring mechanisms; and
- Be visible.

The original LTFP development process was structured to support participation from a variety of stakeholders. Staff shared information and received input from Council Members and the public at multiple Finance Subcommittee and City Council meetings in spring 2021. Staff also gathered input from interested stakeholders through an online survey that specifically focused on identifying the most important challenges and opportunities that the City will face over the five-year planning period. The participatory development process resulted in a LTFP that reflects the interests of the City Council and community. City staff used similar mechanisms to create the LTFP for FY 2022/23 - FY 2026/27.

LONG-TERM FINANCIAL FORECAST

INTRODUCTION

One of the key steps in creating a LTFP is to create a long-term financial forecast. A long-term financial forecast estimates future revenues and expenditures based on assumptions about the City's future operating environment. Over the past few years, the City has included a long-term financial forecast covering the General Fund, including the Measure S funds, in the annual budget.

FORECAST METHODOLOGY

As noted above, City staff followed public finance best practices when creating the LTFP, including when designing the forecast methodology. Staff reviewed the City's past forecasting work, the work of peer jurisdictions and other leading municipalities, and academic and professional materials on the topic. Staff used the FY 2021/22 revised mid-year budget as the base year of the five-year forecast and applied quantitative and qualitative methods. Quantitative methods involve using historic numerical data to forecast future numeric values. As an example, staff looked at average annual historic growth rates for various revenues and expenditures, then used those average growth rates to forecast future values for those revenues and expenditures. Qualitative forecasting methods involve using information other than historic numerical data to conduct forecasting. This might involve factoring into a forecast the opinions of experts regarding issues such as future economic conditions and changes in the regulatory environment. Staff incorporated some qualitative forecasting into the LTFP.

MAJOR ECONOMIC AND DEMOGRAPHIC TRENDS

Forecasting future conditions requires identifying the major current trends that will shape the future. The primary determinants of a city's financial sustainability are the demands for city services, the city's revenues, and service delivery methods. These are primarily driven by demographic and cultural changes as well as economic changes.

Demographic and Cultural Changes

City staff is not anticipating any significant changes to the demographics or cultural characteristics of Pinole's population over the five-year period covered by the LTFP. The City's total population has remained very stable over the past decade, growing less than 1% annually on average, and there are a limited number of sites available for significant new housing development, which would allow for a population increase. The Association of Bay Area Governments (ABAG) projects that Pinole's population will increase by 1,775 residents between

2020 and 2040, to a total of 21,280, which represents an annual growth rate of 0.44%. According to the 2020 American Community Survey (latest available), the City's median age is 43.2 years. According to the 2020 Decennial Census, its race and ethnic composition are as follows: White alone (42%), Asian alone (25%) Black or African American alone (11%), American Indian and Alaska Native alone (1%), Native Hawaiian and Other Pacific Islander alone (0.4%), Hispanic or Latino (may be of any race, so also are included in applicable race categories) (24%), and two or more races (10%). The female to male ratio is 53.2% to 46.8%. There are approximately 6,792 households with an average of 2.83 persons per household. Pinole's median household income is \$104,904.

The City has received applications for some new housing projects at infill sites, but it is not possible at this point to forecast how many new housing units might be created as a result, nor to forecast how such projects, if constructed, might impact the City's population and service demands. The City's demographics have also remained fairly stable, and staff is not anticipating any significant changes to demographics over the five-year planning horizon that would impact long-term financial planning.

Economic Changes

Prior to the onset of COVID-19 in early 2020, the City was experiencing a steady, modest economic expansion, similar to that experienced by many other cities in the aftermath of the Great Recession. COVID-19 created an unanticipated shock to the national economy. Many of Pinole's businesses were significantly impacted by the shelter-in-place health orders, which disrupted many retail, restaurant, entertainment, and personal service activities. Due to public health interventions and the availability of vaccines, the local and national economies have largely recovered and are expected resume the steady, modest growth of the pre-COVID period. Therefore, City staff is not anticipating any economic changes during the five-year planning horizon that would significantly influence the City's finances.

City staff expects that City operations will generally experience modest productivity gains consistent with those realized in the economy generally over the next five years. The federal government has made a significant new investment in infrastructure. City staff does not have a precise sense of how that might impact the cost of City capital projects, and therefore has not included any related increased cost in the LTFP. Forthcoming CIPs will incorporate the City's estimate of any increase in the cost of capital projects due to additional federal investment.

Inflation has significantly increased over the course of the last year. Since spring 2021, inflation has steadily grown from around 3% annually to around 8% annually. It is unclear how inflation will change over the five-year planning horizon of the LTFP. Staff has assumed a 3% rate of inflation in the LTFP.

STATUS QUO FORECAST

The following five-year forecast is a “status quo” forecast. A “status quo” forecast assumes that the City continues current (status quo) staffing levels, service levels, and programs in the future and that the City does not establish any new revenue-generating mechanisms.

City staff has created an updated status quo five-year forecast for the General Fund, including Measure S funds, for FY 2022/23 through FY 2026/27. This forecast will be used as the basis of the development of the FY 2022/23 budget. For the status quo forecast, staff assumed that future City service levels would remain at the levels of FY 2021/22. Staff then forecasted revenues and expenditures for the five succeeding years by applying assumptions about future changes in economic conditions that impact revenues and expenditures.

Based on specific assumptions, detailed below, the City forecasts that the General Fund and the Measure S funds will be essentially structurally balanced over the five-year planning horizon, with small surpluses or deficits. Although the City’s revenues are sufficient to cover normal operating costs, the revenues and reserves are not sufficient to cover the City’s two large unfunded liabilities, deferred maintenance of capital assets (streets, sidewalks, parks, City buildings, etc.) and other postemployment benefits (OPEB), primarily retired City employee medical coverage. If the City and community would like to invest in these areas, they will need to identify new revenue sources in the future.

It is important to note that the status quo forecast includes organizational changes that were made in FY 2021/22. The City had conducted various analyses, including the Organizational Assessment, and City staff recommended the addition of new City positions in staff’s proposed FY 2021/22 budget. The new positions included a Human Resources Director, Community Services Director, Community Development Director, Administrative Fire Captain and Fire Prevention Captain, among others.

Table 1 – General Fund Status Quo Financial Forecast

GENERAL FUND SUMMARY INCLUDES MEASURE S 2006 & 2014	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUE									
PROPERTY TAX	3,837,167	4,514,755	4,091,345	4,230,122	4,642,585	5,649,469	5,801,568	5,959,970	6,138,769
SALES TAX	3,994,720	3,788,080	4,303,800	4,483,848	4,582,095	4,695,271	4,803,262	4,913,737	5,026,753
MEAS S 2006 & 2014 LOCAL SALES TAX	4,286,328	3,901,837	4,623,561	4,840,000	4,902,000	5,022,000	5,122,440	5,224,889	5,329,387
UTILITY USERS TAX	1,812,844	1,809,832	1,939,726	1,915,000	1,934,150	1,953,492	1,973,026	1,992,757	2,012,684
FRANCHISE TAX	735,311	750,001	751,598	779,000	786,790	794,658	802,604	810,631	818,737
INTERGOVERNMENTAL TAX	1,836,501	1,952,717	2,034,203	2,082,883	2,215,948	2,317,376	2,421,681	2,531,220	2,645,775
TRANSIENT OCCUPANCY TAX	485,499	444,453	446,105	418,000	440,000	453,200	466,796	480,800	495,224
BUSINESS LICENSE TAX	399,258	382,051	349,733	382,000	400,000	412,000	424,360	437,091	450,204
CHARGES FOR SERVICES	967,318	1,260,013	1,345,588	1,339,796	1,428,005	1,498,155	1,571,813	1,649,154	1,731,612
OTHER REVENUE	2,367,313	1,116,846	833,313	518,140	523,321	528,555	533,840	539,179	544,570
ONE-TIME REVENUE					-				
Total Revenue	20,722,259	19,920,585	20,718,971	20,988,789	21,854,894	23,324,175	23,921,392	24,539,427	25,193,715
TRANSFERS IN	6,290,688								
PENSION TRANSFER IN (FY 19/20 alloc)			667,859						
PENSION TRANSFER IN			476,366	853,686	1,434,048	1,553,724	1,709,302	1,807,316	1,908,271
Total Sources	27,012,947	19,920,585	21,863,196	21,842,475	23,288,942	24,877,898	25,630,693	26,346,743	27,101,985
EXPENDITURES									
SALARIES	8,593,887	9,184,283	9,683,813	10,553,426	10,870,029	11,304,830	11,757,023	12,227,304	12,716,396
BENEFITS - PERS RETIRE	1,792,051	2,451,619	2,771,676	3,447,080	3,688,376	3,909,678	4,144,259	4,392,914	4,656,489
BENEFITS - OTHER	3,079,527	2,864,038	2,720,468	3,374,993	3,543,743	3,720,930	3,906,976	4,102,325	4,266,418
OTHER OPERATING EXPENSES	2,056,418	3,460,467	2,685,146	3,082,147	3,174,611	3,238,104	3,302,866	3,401,952	3,504,010
DEBT SERVICE	590,433	606,553	558,607	576,107	596,150	611,150	677,150	677,150	677,150
CAPITAL OUTLAY	211,292	429,470	1,397,824	157,186	161,902	166,759	171,761	176,914	182,222
TRANSFERS OUT	21,732,833	1,255,058	1,588,652	1,418,455	1,418,455	1,461,009	1,504,839	1,549,984	1,596,484
Total Expenditures	38,056,441	20,251,487	21,406,186	22,609,394	23,453,265	24,412,459	25,464,874	26,528,543	27,599,169
Surplus/Deficit	(11,043,494)	(330,902)	457,010	(766,919)	(164,323)	465,440	165,819	(181,801)	(497,184)
Fund Balance, July 1	23,478,448	12,434,954	12,104,052	12,726,083	11,009,449	10,194,202	10,546,160	10,610,863	10,324,408
Preliminary Fund Balance, June 30	12,434,954	12,104,052	12,561,062	11,959,164	10,845,126	10,659,641	10,711,979	10,429,062	9,827,224
General Reserves Adjustment			-	(949,715)	(650,925)	(113,481)	(101,116)	(104,654)	(108,825)
Fund Balance, June 30	12,434,954	12,104,052	12,726,083	11,009,449	10,194,202	10,546,160	10,610,863	10,324,408	9,718,400
Pension Fund Balance, July 1	16,287,510			19,432,089	19,655,464	19,321,433	18,848,352	18,202,255	17,420,670
Revenues - Interest	924,669	1,010,988	2,566,660	1,127,061	1,140,017	1,120,643	1,093,204	1,055,731	1,010,399
Expenditure - Transfers Out			1,144,225	853,686	1,434,048	1,553,724	1,709,302	1,807,316	1,908,271
Expenditures	52,921	81,434	79,159	50,000	40,000	40,000	30,000	30,000	30,000
Pension Fund Balance, June 30	17,159,258	18,088,812	19,432,089	19,655,464	19,321,433	18,848,352	18,202,255	17,420,670	16,492,798
Fund Balance, July 1			7,457,116	7,492,770	8,517,413	9,395,369	9,771,183	10,162,031	10,568,512
Revenues - Interest			35,654	74,928	227,031	262,333	289,731	301,827	313,916
Revenues - Transfer In				949,715	650,925	113,481	101,116	104,654	108,825
General Reserve Balance, June 30	7,137,963	7,457,116	7,492,770	8,517,413	9,395,369	9,771,183	10,162,031	10,568,512	10,991,252

Revenues

As shown in Table 1 above, the status quo forecast anticipates that General Fund revenue, including the Measure S funds, will grow by 22% from \$22.3 million in FY 2022/23 to \$27.1 million in FY 2026/27, approximately 5% annually, primarily due to increases in the property tax and sales tax categories.

Property Tax

Property tax is an ad valorem tax levied on real property. The fixed statutory rate is 1% of assessed valuation. The City receives approximately 19% of the total property tax levied on property located within its boundaries.

Property tax is made up of four components—secured (basic and Redevelopment Property Tax Trust Fund (RPTTF); unsecured; supplemental; and property transfer tax. The 22% growth in property tax forecasted for FY 2023/24 is primarily due to an increase in the residual property tax revenue resulting after outstanding Redevelopment bonds are retired in the prior year.

Sales Tax

The overall sales tax rate on purchases made in Pinole is 9.75%. Of that amount, the City receives the statewide standard 1% (referred to as the Bradley Burns sales tax) plus 0.5% due to Measure S 2006 and 0.5% due to Measure S 2014. The forecast assumes an average 2% growth rate in the City's sales tax revenue, consistent with projections provided by HdL, the City's sales tax consultant.

The City's sales tax rate comprises the following components: State/County (7.75%); local Bradley-Burns (1%); Measure S 2006 local sales tax (0.5%); Measure S 2014 local sales tax (0.5%).

Utility Users Tax (UUT)

The City levies an 8% utility users' tax (UUT) on the value of public utilities services consumed within the City limits for electricity, gas, and telecommunications. The forecasted growth rate averages 1% per year. The growth rate aligns with the trend of very low to flat growth in UUT, notably in the telecommunications subcategory.

Franchise Fees

The City levies a franchise fee on organizations that use the public right of way to furnish gas (PG&E) (1%) and electricity (PG&E) (2%), refuse (Republic Services) (10%), and cable television (Comcast and AT&T) (5%) services to citizens living within the City's boundaries. The fees are defined in the franchise fee agreements and are paid directly to the City by these franchisees. The forecasted growth rate averages 1% per year. While franchise fee revenue has grown collectively, one of the major services, cable, has had flat to low growth. One factor is the change in consumer preference from traditional cable to streaming services.

Intergovernmental Tax

Motor vehicle in-lieu fee (VLF) is the City's share of motor vehicle license fees levied, collected and apportioned by the State. VLF is a tax on the ownership of registered motor vehicles which takes the place of taxation of this personal property. The VLF is paid annually at the time vehicle licenses are renewed based on current value adjusted for depreciation. The forecast assumes an average 6% growth rate, consistent with projections provided by HdL, the City's property tax consultant.

Transient Occupancy Tax

Transient occupancy tax (TOT) is a 10% tax levied by the City for the privilege of occupying quarters on a transient basis in accordance with Chapter 3.24 of Municipal Code. This tax is imposed upon persons staying 30 days or less in a motel or lodging facility. The forecast assumes a 5% growth rate based on industry trends.

Business License Tax

Business license tax is assessed on all businesses doing business within City limits in accordance with Municipal Code Title 5. The City charges business license tax in accordance with the provisions of Government Code 37101. Pinole's tax is computed based on a flat tax (currently \$152) per year combined with a variable tax component based on number of employees engaged in each business. The forecast assumes a 5% growth rate based on trends.

Public Safety Charges

Public safety charges are received for dispatch services provided to the cities of Hercules and San Pablo under an Intergovernmental Service Sharing agreement. A portion of the costs of this activity are reimbursed by the City of Hercules and City of San Pablo. Under the current agreement, the City's recovers approximately 67% of the activity's budget. The forecast assumes a 7% increase based on the established formula.

Other Revenue

Other revenues is made up of all other revenue sources, such as fees, permits, interest income, grants, reimbursements, and other miscellaneous revenue. These revenues are projected primarily using historical trend analysis. The forecast assumes a 1% growth rate and was adjusted to exclude a \$600,000 one-time revenue that was expected in FY 2021/22.

The City is currently conducting a comprehensive fee study to determine the City's total cost of providing certain services. The study will likely recommend changes to the City's fees, which could potentially increase revenue generated from fees.

Transfers In

The transfer in comes from the Pension Section 115 Trust to offset the increase in pension costs in the General Fund. The amount transferred is based on the difference between the City's base year (FY 2018/19) contribution toward employee pensions and the forecasted required City contribution in future years.

Expenditures

As shown Table 1 above, the status quo forecast anticipates that General Fund expenditures, including the Measure S funds, will grow by 13%, approximately 3% annually, from \$24.5 million in FY 2022/23 to \$27.6 million in FY 2026/27, primarily due to increases in the salaries and benefits categories.

Salaries

The forecast for salaries and wages is based on the City's current staffing level (123 FTEs), future salary increases for different classifications already agreed upon in the City's current labor memorandums of understanding (MOUs), and general inflationary assumptions (3% annually). The forecast assumes a 3% annual salary increase for employees represented by the Pinole Police Employees Association (PPEA), with which the City is currently in negotiations.

Benefits-Retirement

Retirement benefits are the City's annual required contribution as determined by the most recent actuarial valuation reports as of July 2020 provided by the California Public Employees' Retirement System (CalPERS). The forecast reflects the net cost to the City (the required total contribution minus the employee contributions). As a result of recent negotiations between the City and most of the unions representing City employees, City employees' contribution toward their pension benefit was reduced in FY 2021/22. This reduced employee contribution is included in the forecast per the labor MOUs.

Benefits-Other

Other benefits costs include employee medical/dental/vision care, workers' compensation, general liability, and others. The benefits cost in the forecast is based primarily on rate schedules provided by outside agencies, such as CalPERS. The forecast assumes an average 5% growth rate.

Operations and Maintenance

Operations and maintenance is primarily discretionary and non-personnel related expenditures, such as professional services, utilities, and materials and supplies. The forecast assumes an average 3% increase to account for anticipated inflation.

Capital Outlay

Capital outlay in the status quo forecast includes non-major asset acquisition and improvements, such as computer equipment and furniture. The forecast assumes an average 3% growth rate to account for anticipated increases in the price of products.

Major capital improvements that were previously included in the budget projection and funded by the General Fund and Measure S are not reflected in the status quo forecast. Though they may span multiple fiscal years, capital projects are non-recurring in nature and are not accounted for in the forecast.

The City develops a separate Five-Year Capital Improvement Plan (CIP) to plan for and appropriate funds to capital improvement projects. Each year, capital needs are assessed and prioritized through the capital improvement planning process.

Debt Service

Debt service is comprised of the payment of principal and interest on the 2006 pension obligation bonds (POBs) that were issued to finance the City's unfunded accrued actuarial liability with CalPERS. The future years are forecasted based on the long-term debt obligation schedule. This debt will be fully paid and retired in FY 2035/36.

Transfers Out

Transfers out includes the transfer of funds from the General Fund and Measure S to other funds to support Recreation and Pinole Community Television (PCTV) operations. The transfer helps to stabilize the budgets in those areas as the operating costs are not fully recoverable. The forecast assumes a flat dollar amount consistent with past practice.

Fund Balance

Fund balance is basically an accumulation of funds as a result of revenues minus expenditures. When total revenue exceeds total expenditures at the end of a fiscal year, a surplus of funds results and increases fund balance (reserves). On the opposite end, when total expenditures exceed total revenue, a deficit results and reduces fund balance (reserves).

General Fund Balance and General Reserves

The preliminary fund balance is the estimated General Fund fund balance before any transfers out to the General Reserve as per the Reserve Policy. The Reserve Policy requires that an amount equal to 50% of total General Fund ongoing expenditures be set aside in a separate fund, the General Reserve, to maintain adequate financial resources in the event of financial distress.

If the General Reserve balance falls short of the policy requirement, funds are transferred from the General Fund unassigned fund balance in an amount equal to the difference between the General Reserve fund balance and the amount required as per the policy. As such, the ending

General Fund fund balance is the result of the preliminary fund balance minus the General Reserve adjustment.

The General Reserve fund balance is forecasted to increase from \$8.5 million in FY 2021/22 to \$11.0 million in FY 2026/27.

Pension Trust Fund Balance

In June 2018, the Section 115 Trust was established to set aside resources to offset anticipated significant increases in the future City pension costs. The intent was to withdraw resources from the trust each year to cover the increase between the City's contribution toward employee pensions in FY 2018/19, the baseline year, and the City's required contribution in future years.

The pension fund balance for each fiscal year is calculated by starting with the fund balance at July 1, adding estimated interest earnings, subtracting transfers out to offset increases in pension costs, and subtracting administrative costs. The pension fund balance will continue to decrease as funds are withdrawn each year because the trust was funded with one-time proceeds as its only source of funding.

NON-GENERAL FUNDS

City staff has also created status quo five-year forecasts for the City's Non-General Funds. These forecasts will also be used as the basis of the development of the FY 2022/23 budget. Similar to the General Fund status quo forecast, staff assumed that future City service levels would remain at the levels of FY 2020/21. Staff then forecasted revenues and expenditures for the five succeeding years by applying assumptions about future changes in economic conditions that impact revenues and expenditures. The forecasts also include projects programmed in the draft FY 2022/23 Five-Year Capital Improvement Plan.

Gas Tax Fund

The Gas Tax Fund accounts for the Highway Users Tax Account (HUTA) State imposed excise taxes on gasoline and diesel fuel sales within the City Limits. These taxes are distributed primarily on the basis of population pursuant to formulas specified in Streets and Highways Code Sections 2105, 2106, 2107, 2107.5, and Section 2103. As a result of the Road Repair and Accountability Act of 2017 (SB1 Beall), funds received as part of the Road Maintenance and Rehabilitation Account (RMRA) Section 2106 are also accounted for in this fund. Gas Tax funds are restricted for use in the construction, improvement and maintenance of public streets. These funds support both annual operating and capital projects.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	754,674	789,998	795,113	906,667	924,800	952,544	981,121	1,010,554	1,040,871
OTHER REVENUE	5,879	18,024	10,952	12,636	12,889	13,146	13,409	13,678	13,951
TOTAL REVENUES	760,554	808,022	806,065	919,303	937,689	965,691	994,530	1,024,232	1,054,822
EXPENDITURES									
OPERATIONS AND MAINTENANCE	403,541	447,320	559,471	510,283	525,591	541,359	557,600	574,328	591,558
CAPITAL OUTLAY	426	129,781	817,521	564,445	100,000	-	-	-	-
TOTAL EXPENDITURES	403,967	577,100	1,376,992	1,074,728	625,591	541,359	557,600	574,328	591,558
Surplus/(Deficit)	356,586	230,922	(570,927)	(155,425)	312,098	424,332	436,930	449,904	463,264
Fund Balance, July 1	339,936	696,522	927,445	356,517	201,092	513,190	937,521	1,374,452	1,824,355
Fund Balance, June 30	696,522	927,445	356,517	201,092	513,190	937,521	1,374,452	1,824,355	2,287,620

Restricted Real Estate Maintenance Fund

The Restricted Real Estate Maintenance Fund accounts for revenues resulting from the sale or rental of property owned by the former Redevelopment Agency. These resources are used to maintain properties owned by the Successor Agency within the boundaries of the former Redevelopment Agency.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
FEES	1,825	475	475	3,175	3,175	3,175	3,175	3,175	3,175
OTHER REVENUE	70,833	3,787	34,150	36,816	37,921	39,058	40,230	41,437	42,680
TOTAL REVENUES	72,658	4,262	34,625	39,991	41,096	42,233	43,405	44,612	45,855
EXPENDITURES									
OPERATIONS AND MAINTENANCE	19,413	24,418	20,118	26,000	26,780	27,583	28,411	29,263	30,141
TOTAL EXPENDITURES	19,413	24,418	20,118	26,000	26,780	27,583	28,411	29,263	30,141
Surplus/(Deficit)	53,245	(20,156)	14,507	13,991	14,316	14,650	14,994	15,349	15,714
Fund Balance, July 1	133,586	186,831	166,676	181,183	195,174	209,490	224,140	239,134	254,483
Fund Balance, June 30	186,831	166,676	181,183	195,174	209,490	224,140	239,134	254,483	270,197

Public Safety Augmentation Fund

The Public Safety Augmentation Fund (PSAF) accounts for monies allocated by the County Auditor-Controller under Prop 172 from the statewide one-half cent sales tax based on a share of statewide taxable sales. These funds are used exclusively for public safety. The receipt of these funds is conditioned on maintenance of effort using base year 1992-93.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	202,489	185,306	187,448	170,266	175,374	180,635	186,054	191,636	197,385
OTHER REVENUE	3,201	7,117	1,269	2,500	2,525	2,550	2,576	2,602	2,628
TOTAL REVENUES	205,691	192,423	188,717	172,766	177,899	183,185	188,630	194,237	200,012
EXPENDITURES									
OPERATIONS AND MAINTENANCE	131,658	179,741	143,643	204,574	210,711	217,033	223,544	230,250	237,157
TOTAL EXPENDITURES	131,658	179,741	143,643	204,574	210,711	217,033	223,544	230,250	237,157
Surplus/(Deficit)	74,032	12,682	45,074	(31,808)	(32,812)	(33,847)	(34,914)	(36,012)	(37,145)
Fund Balance, July 1	279,126	353,158	365,841	410,915	379,107	346,295	312,448	277,534	241,522
Fund Balance, June 30	353,158	365,841	410,915	379,107	346,295	312,448	277,534	241,522	204,377

Traffic Safety Fund

The Traffic Safety Fund accounts for fines and forfeitures received by the City under Section 1463 of the Penal Code. These funds are used exclusively for official traffic control devices, the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement, or construction of public streets, bridges, and culverts within the City. The fund may be used to pay the compensation of school crossing guards who are not regular full-time members of the police department of the City.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
FINES AND FORFEITURES	35,181	46,640	27,491	45,000	45,450	45,905	46,364	46,827	47,295
OTHER REVENUE	1,541	3,821	750	1,500	1,515	1,530	1,545	1,561	1,577
TOTAL REVENUES	36,722	50,461	28,241	46,500	46,965	47,435	47,909	48,388	48,872
EXPENDITURES									
SALARIES AND WAGES	6,303	4,704	-	7,280	7,498	7,723	7,955	8,194	8,440
BENEFITS	977	707	209	820	869	921	977	1,035	1,097
OPERATIONS AND MAINTENANCE	395	988	356	4,661	4,801	4,945	5,093	5,246	5,403
CAPITAL OUTLAY	-	-	-	7,500	-	-	-	-	-
TOTAL EXPENDITURES	7,674	6,399	565	20,261	13,168	13,590	14,025	14,475	14,940
Surplus/(Deficit)	29,048	44,062	27,676	26,239	33,797	33,845	33,884	33,913	33,932
Fund Balance, July 1	134,192	163,240	207,302	234,978	261,217	295,014	328,859	362,743	396,656
Fund Balance, June 30	163,240	207,302	234,978	261,217	295,014	328,859	362,743	396,656	430,588

Supplemental Law Enforcement Service Fund

The Supplemental Law Enforcement Service Fund accounts for funds received from the County under AB 3229 which enacted the Citizens Option for Public Safety (COPS) Program through which funds could be annually provided in the State budget for local law enforcement jurisdictions. The minimum allocation for public agencies is \$100,000, which is the amount which has been historically allocated to Pinole.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	148,747	155,948	156,727	156,727	159,862	163,059	166,320	169,646	173,039
OTHER REVENUE	1,769	4,955	1,080	1,600	1,616	1,632	1,648	1,665	1,682
TOTAL REVENUES	150,515	160,903	157,807	158,327	161,478	164,691	167,968	171,311	174,721
EXPENDITURES									
OPERATIONS AND MAINTENANCE	101,008	60,170	98,192	104,188	107,314	110,533	113,849	117,265	120,782
TOTAL EXPENDITURES	101,008	60,170	98,192	104,188	107,314	110,533	113,849	117,265	120,782
Surplus/(Deficit)	49,507	100,733	59,615	54,139	54,164	54,158	54,119	54,047	53,938
Fund Balance, July 1	119,096	168,603	269,337	328,952	383,091	437,255	491,413	545,532	599,579
Fund Balance, June 30	168,603	269,337	328,952	383,091	437,255	491,413	545,532	599,579	653,517

Storm Water Fund

The Storm Water Fund accounts for assessments collected by the County via property tax bills pursuant to the National Pollution Discharge Elimination System (NPDES) Regulations, a federally mandated program. Assessments are levied at \$35 per Equivalent Runoff Unit (ERU). Revenue estimates are based on the number of ERU's multiplied by the adopted rate.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	251,004	259,103	260,430	323,978	336,937	350,415	364,431	379,008	394,169
OTHER REVENUE	29	(190)	51	150	152	153	155	156	158
TOTAL REVENUES	251,032	258,913	260,480	324,128	337,089	350,568	364,586	379,165	394,326
EXPENDITURES									
BENEFITS	13,162	-	2,222	-	-	-	-	-	-
OPERATIONS AND MAINTENANCE	291,751	289,103	272,838	437,685	285,000	293,550	302,357	311,427	320,770
TOTAL EXPENDITURES	304,913	289,103	275,059	437,685	285,000	293,550	302,357	311,427	320,770
Surplus/(Deficit)	(53,881)	(30,190)	(14,579)	(113,557)	52,089	57,018	62,229	67,737	73,556
Fund Balance, July 1	100,502	46,621	16,432	1,853	(111,704)	(59,616)	(2,598)	59,631	127,368
Fund Balance, June 30	46,621	16,432	1,853	(111,704)	(59,616)	(2,598)	59,631	127,368	200,925

Recreation Fund

The Recreation Fund accounts for program fees, fundraising efforts and donations from Recreation programs. Resources are used towards staffing and maintenance costs to operate the programs on a full cost recovery basis.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
FEES	7,823	8,307	13,361	8,000	8,240	8,487	8,742	9,004	9,274
CHARGES FOR SERVICES	628,825	379,124	128,296	377,778	389,111	400,785	412,808	425,192	437,948
OTHER REVENUE	133,569	93,253	20,743	134,144	135,485	136,840	138,208	139,590	140,986
TRANSFERS IN	307,214	522,254	632,055	1,091,962	984,425	1,108,640	1,154,738	1,202,853	1,253,083
TOTAL REVENUES	1,077,430	1,002,938	794,455	1,611,884	1,517,261	1,654,752	1,714,496	1,776,640	1,841,292
EXPENDITURES									
SALARIES AND WAGES	347,167	335,372	292,236	761,237	784,074	807,596	831,824	856,779	882,482
BENEFITS	162,725	172,763	154,133	299,720	317,703	336,765	356,971	378,390	401,093
OPERATIONS AND MAINTENANCE	567,183	500,244	374,548	468,217	482,263	496,731	511,633	526,982	542,792
CAPITAL OUTLAY	897	-	2,519	12,874	13,260	13,658	14,068	14,490	14,924
TOTAL EXPENDITURES	1,077,973	1,008,380	823,437	1,542,048	1,597,301	1,654,751	1,714,497	1,776,641	1,841,291
Surplus/(Deficit)	(543)	(5,442)	(28,982)	69,836	(80,040)	1	(0)	(1)	0
Fund Balance, July 1	45,170	44,627	39,185	10,204	80,039	(0)	0	0	(0)
Fund Balance, June 30	44,627	39,185	10,204	80,039	(0)	0	0	(0)	(0)

Building and Planning Fund

The Building and Planning Fund accounts for fees collected for building permits and plan check fees. Fees collected are used to cover the cost involved in inspections and plan checks performed. The City is currently conducting a fee study to determine the City's total cost of providing certain services that have a specific beneficiary. The study will likely recommend changes to the City's building and planning fees, which is expected to result in increased revenue.

Category	2021-22								
	2018-19 Actual	2019-20 Actual	2020-21 Actual	Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	-	-	-	205,000	-	-	-	-	-
LICENSES AND PERMITS	386,019	310,704	264,128	487,000	511,350	536,918	563,763	591,952	621,549
FEES	315,732	417,735	239,196	900,700	945,735	993,022	1,042,673	1,094,806	1,149,547
OTHER REVENUE	12,568	19,176	(422)	13,000	13,130	13,261	13,394	13,528	13,663
TRANSFERS IN	-	-	192,000	374,216	-	-	-	-	-
TOTAL REVENUES	714,318	747,614	694,902	1,979,916	1,470,215	1,543,201	1,619,830	1,700,286	1,784,759
EXPENDITURES									
SALARIES AND WAGES	217,029	163,594	240,134	614,251	632,679	651,659	671,209	691,345	712,085
BENEFITS	85,720	85,015	124,965	316,715	335,718	355,861	377,213	399,845	423,836
OPERATIONS AND MAINTENANCE	686,315	827,458	622,505	1,473,003	600,000	618,000	636,540	655,636	675,305
CAPITAL OUTLAY	-	-	-	3,000	-	-	-	-	-
TOTAL EXPENDITURES	989,063	1,076,066	987,604	2,406,969	1,568,396	1,625,520	1,684,961	1,746,827	1,811,227
Surplus/(Deficit)	(274,745)	(328,452)	(292,702)	(427,053)	(98,181)	(82,319)	(65,131)	(46,541)	(26,468)
Fund Balance, July 1	761,594	486,849	158,397	(134,305)	(561,358)	(659,540)	(741,859)	(806,990)	(853,531)
Fund Balance, June 30	486,849	158,397	(134,305)	(561,358)	(659,540)	(741,859)	(806,990)	(853,531)	(879,998)

Refuse Management Fund

The Refuse Management Fund accounts for a surcharge collected by Republic Services and remitted to the City under AB 939 of \$0.83 per can per month on all residential customers in Pinole. These revenues are restricted to programs and activities that encourage and promote recycling and source reduction of solid waste.

Category	2021-22								
	2018-19 Actual	2019-20 Actual	2020-21 Actual	Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	66,161	111,950	66,635	60,060	61,862	63,718	65,629	67,598	69,626
OTHER REVENUE	7,083	7,176	1,008	6,000	6,060	6,121	6,182	6,244	6,306
TOTAL REVENUES	73,244	119,125	67,643	66,060	67,922	69,838	71,811	73,842	75,932
EXPENDITURES									
OPERATIONS AND MAINTENANCE	103,347	93,143	102,639	99,000	101,970	105,029	108,180	111,425	114,768
CAPITAL OUTLAY	307,432								
TRANSFERS OUT		-	107,805	-	-	-	-	-	-
TOTAL EXPENDITURES	410,778	93,143	210,444	99,000	101,970	105,029	108,180	111,425	114,768
Surplus/(Deficit)	(337,535)	25,983	(142,801)	(32,940)	(34,048)	(35,191)	(36,369)	(37,584)	(38,836)
Fund Balance, July 1	684,738	347,203	373,186	230,385	197,445	163,396	128,206	91,837	54,253
Fund Balance, June 30	347,203	373,186	230,385	197,445	163,396	128,206	91,837	54,253	15,417

Solid Waste Fund

The Solid Waste Fund accounts for a surcharge collected by Republic Services and remitted to the City for solid waste services. These funds are set aside for future solid waste capital projects and for a rate stabilization fund.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
OTHER REVENUE	10,164	27,628	5,804	8,000	8,080	8,161	8,242	8,325	8,408
MISCELLANEOUS REVENUE	314,229	375,749	347,367	360,000	374,400	389,376	404,951	421,149	437,995
TOTAL REVENUES	324,392	403,377	353,171	368,000	382,480	397,537	413,193	429,474	446,403
EXPENDITURES									
OPERATIONS AND MAINTENANCE	3,003	-	2,240	118,645	122,204	125,870	129,647	133,536	137,542
CAPITAL OUTLAY		-	-	642,800	425,000	-	-	-	-
TRANSFERS OUT		-	45,700	-	-	-	-	-	-
TOTAL EXPENDITURES	3,003	-	47,940	761,445	547,204	125,870	129,647	133,536	137,542
Surplus/(Deficit)	321,390	403,377	305,231	(393,445)	(164,724)	271,666	283,547	295,938	308,861
Fund Balance, July 1	833,364	1,154,754	1,558,130	1,863,361	1,469,916	1,305,192	1,576,858	1,860,405	2,156,343
Fund Balance, June 30	1,154,754	1,558,130	1,863,361	1,469,916	1,305,192	1,576,858	1,860,405	2,156,343	2,465,204

Measure C/J Fund

The Measure C/J Fund accounts for special override sales tax revenues collected by the Contra Costa Transportation Authority (CCTA) and reapportioned to the cities for local street projects. The City must submit a checklist each year to confirm compliance with a Growth Management Program. Estimates of annual funding are provided by the CCTA, and jurisdiction allocations are based on a formula split (50/50) between population and road mileage.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	379,583	405,252	390,147	475,247	494,257	514,027	534,588	555,972	578,211
OTHER REVENUE	9,353	23,857	6,297	8,000	8,080	8,161	8,242	8,325	8,408
TOTAL REVENUES	388,936	429,109	396,444	483,247	502,337	522,188	542,831	564,297	586,619
EXPENDITURES									
OPERATIONS AND MAINTENANCE	124,329	82,819	160,835	199,189	205,165	211,320	217,659	224,189	230,915
CAPITAL OUTLAY	25,542	18,651	-	738,000	350,000	-	-	-	-
TOTAL EXPENDITURES	149,871	101,471	160,835	937,189	555,165	211,320	217,659	224,189	230,915
Surplus/(Deficit)	239,065	327,638	235,609	(453,942)	(52,828)	310,868	325,171	340,108	355,704
Fund Balance, July 1	1,254,870	1,493,935	1,821,573	2,057,183	1,603,241	1,550,413	1,861,281	2,186,453	2,526,560
Fund Balance, June 30	1,493,935	1,821,573	2,057,183	1,603,241	1,550,413	1,861,281	2,186,453	2,526,560	2,882,264

Rate Stabilization Fund

The Rate Stabilization Fund was created to account for the excess revenues from the solid waste post collection contract with Republic Services. Twenty-five percent (25%) of the surplus funds, generated from prior years' rate increases, are set aside to offset year-over-year rate fluctuations; thereby, leveling the annual rates paid by consumers. Per Resolution 2013-91, the City was required to establish a rate stabilization fund, separate from the Solid Waste Fund, for the excess revenues collected.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
MISCELLANEOUS REVENUE	-	-	31,171	31,483	31,798	32,116	32,437	32,761	33,089
TRANSFERS IN	-	-	153,505	158,110	162,853	167,739	172,771	177,954	183,293
TOTAL REVENUES	-	-	184,676	189,593	194,651	199,855	205,208	210,715	216,382
EXPENDITURES	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	-	-	184,676	189,593	194,651	199,855	205,208	210,715	216,382
Fund Balance, July 1	-	-	-	184,676	374,269	568,920	768,775	973,983	1,184,698
Fund Balance, June 30	-	-	184,676	374,269	568,920	768,775	973,983	1,184,698	1,401,080

American Rescue Plan Act (ARPA) Fund

The American Rescue Plan Act Fund accounts for the \$4.6 million allocated to the City from the federal government from the American Rescue Plan Act of 2021. The City received its first tranche of \$2.3 million in July 2021 and will receive the second tranche one year later.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	-	-	-	2,302,505	2,302,505	-	-	-	-
TOTAL REVENUES	-	-	-	2,302,505	2,302,505	-	-	-	-
EXPENDITURES									
OPERATIONS AND MAINTENANCE	-	-	-	400,000	1,902,505	2,302,505	-	-	-
TOTAL EXPENDITURES	-	-	-	400,000	1,902,505	2,302,505	-	-	-
Surplus/(Deficit)	-	-	-	1,902,505	400,000	(2,302,505)	-	-	-
Fund Balance, July 1	-	-	-	-	1,902,505	2,302,505	-	-	-
Fund Balance, June 30	-	-	-	1,902,505	2,302,505	-	-	-	-

Parkland Dedication Fund

The Parkland Dedication Fund provides for the acquisition and development of parks as specified in the City's Parkland Dedication Ordinance (PDO) (Municipal Code Sec. 16.28) which requires as a condition of approval for the subdivision of land, the dedication of park land or payment of a fee in-lieu of dedication, pursuant to California Government Code 66477 (the "Quimby Act").

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
FEES	36,183	26,227	16,027	16,508	17,003	17,513	18,038	18,579	19,137
OTHER REVENUE	345	1,506	351	355	358	362	365	369	373
TOTAL REVENUES	36,528	27,733	16,378	16,862	17,361	17,875	18,404	18,949	19,510
EXPENDITURES									
CAPITAL OUTLAY	-	799	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	799	-	-	-	-	-	-	-
Surplus/(Deficit)	36,528	26,934	16,378	16,862	17,361	17,875	18,404	18,949	19,510
Fund Balance, July 1	24,608	61,137	88,070	104,448	121,311	138,672	156,547	174,950	193,899
Fund Balance, June 30	61,137	88,070	104,448	121,311	138,672	156,547	174,950	193,899	213,408

Growth Impact Fund

The Growth Impact Fund accounts for development fees collected to mitigate the impact of new development. Specifically, it provides for the expansion, design, construction, or upgrade to facilities, roadways, and equipment. The City collects fees for police, fire protection, municipal, community, wastewater, roadways, and drainage.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
FEES	81,747	33,716	32,090	229,834	100,000	165,000	132,500	148,750	140,625
OTHER REVENUE	733	1,842	477	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL REVENUES	82,480	35,557	32,567	230,834	101,000	166,000	133,500	149,750	141,625
EXPENDITURES									
CAPITAL OUTLAY	-	-	-	258,000	108,860	320,000	200,000	-	-
TOTAL EXPENDITURES	-	-	-	258,000	108,860	320,000	200,000	-	-
Surplus/(Deficit)	82,480	35,557	32,567	(27,166)	(7,860)	(154,000)	(66,500)	149,750	141,625
Fund Balance, July 1	-	82,480	118,037	150,604	123,438	115,578	(38,422)	(104,922)	44,828
Fund Balance, June 30	82,480	118,037	150,604	123,438	115,578	(38,422)	(104,922)	44,828	186,453

Housing Assets Held for Resale Fund

The Housing Assets Held for Resale Fund receives tax increment funds through Redevelopment activity representing 20% set-aside for housing activities. Funds are expended for approved housing activities.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
OTHER REVENUE	292,531	63,041	7,374	50,000	50,500	51,005	51,515	52,030	52,551
TRANSFERS IN	-	44,892	1,750,000	1,683,692	862,883	-	-	-	-
TOTAL REVENUES	292,531	107,933	1,757,374	1,733,692	913,383	51,005	51,515	52,030	52,551
EXPENDITURES									
OPERATIONS AND MAINTENANCE	170,110	69,688	44,092	228,798	235,662	242,732	250,014	257,514	265,240
TOTAL EXPENDITURES	170,110	69,688	44,092	228,798	235,662	242,732	250,014	257,514	265,240
Surplus/(Deficit)	122,421	38,245	1,713,282	1,504,894	677,721	(191,727)	(198,499)	(205,484)	(212,689)
Fund Balance, July 1	767,942	890,363	928,607	2,641,890	4,146,784	4,824,505	4,632,778	4,434,279	4,228,795
Fund Balance, June 30	890,363	928,607	2,641,890	4,146,784	4,824,505	4,632,778	4,434,279	4,228,795	4,016,106

Landscape & Lighting District Fund

The Landscape & Lighting District Fund accounts for assessments to property owners to maintain median lighting and landscaping within the Pinole Valley Road North and South areas.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	36,854	39,746	42,525	54,768	56,411	58,103	59,846	61,642	63,491
OTHER REVENUE	5,000	-	14,839	7,500	7,500	7,500	7,500	7,500	7,500
TOTAL REVENUES	41,854	39,746	57,364	62,268	63,911	65,603	67,346	69,142	70,991
EXPENDITURES									
OPERATIONS AND MAINTENANCE	33,098	38,172	53,599	56,405	58,097	59,840	61,635	63,484	65,389
CAPITAL OUTLAY	2,346	-	-	5,720	5,892	6,068	6,250	6,438	6,631
TOTAL EXPENDITURES	35,444	38,172	53,599	62,125	63,989	65,908	67,886	69,922	72,020
Surplus/(Deficit)	6,410	1,575	3,765	143	(78)	(305)	(539)	(780)	(1,029)
Fund Balance, July 1	19,478	25,888	27,462	31,227	31,370	31,292	30,987	30,448	29,667
Fund Balance, June 30	25,888	27,462	31,227	31,370	31,292	30,987	30,448	29,667	28,638

City Street Improvements Fund

The City Street Improvements Fund receives a transfer in of \$250,000 per year, as approved in the Measure S 2014 expenditure plan to fund road maintenance projects.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
INTERGOVERNMENTAL REVENUES	5,183	535	149,002	289,594	-	-	-	-	-
OTHER REVENUE	20,609	18	1,417	-	-	-	-	-	-
TRANSFERS IN	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
TOTAL REVENUES	225,792	250,553	400,419	539,594	250,000	250,000	250,000	250,000	250,000
EXPENDITURES									
CAPITAL OUTLAY	57,421	45,622	448,469	1,528,102	250,000	250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	57,421	45,622	448,469	1,528,102	250,000	250,000	250,000	250,000	250,000
Surplus/(Deficit)	168,371	204,930	(48,050)	(988,508)	-	-	-	-	-
Fund Balance, July 1	969,485	1,137,856	1,342,786	1,294,736	306,228	306,228	306,228	306,228	306,228
Fund Balance, June 30	1,137,856	1,342,786	1,294,736	306,228	306,228	306,228	306,228	306,228	306,228

Arterial Streets Rehabilitation Fund

This fund receives a transfer in of \$250,000 per year, as approved in the Measure S 2014 expenditure plan to fund road rehabilitation projects.

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
OTHER REVENUE	35,631								
TRANSFERS IN	200,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
TOTAL REVENUES	235,631	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
EXPENDITURES									
CAPITAL OUTLAY	1,302	125,202	236,007	819,689	250,000	250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	1,302	125,202	236,007	819,689	250,000	250,000	250,000	250,000	250,000
Surplus/(Deficit)	234,329	124,798	13,993	(569,689)	-	-	-	-	-
Fund Balance, July 1	415,454	649,783	774,581	788,574	218,885	218,885	218,885	218,885	218,885
Fund Balance, June 30	649,783	774,581	788,574	218,885	218,885	218,885	218,885	218,885	218,885

Sewer Enterprise Fund

The Sewer Enterprise Fund accounts for annual fees charged to residents and businesses for sewer utilities. Sewer user fees are charged in the amount specified by City Council Resolution (Section 13.04.040 PMC). Fees are used to operate the Pinole Wastewater Treatment Plant

which services the Pinole and Hercules areas. The cost of operations is shared between the two cities using a cost sharing formula based on sewage inflows by each city. The City's Sewer Enterprise Fund meets the criteria to be classified as a major fund.

Category	2021-22								
	2018-19 Actual	2019-20 Actual	2020-21 Actual	Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
CHARGES FOR SERVICES	7,210,207	7,093,734	7,414,842	7,797,500	8,187,375	8,596,744	9,026,581	9,477,910	9,951,805
OTHER REVENUE	110,630	277,807	66,300	100,000	101,000	102,010	103,030	104,060	105,101
TOTAL REVENUES	7,320,836	7,371,541	7,481,142	7,897,500	8,288,375	8,698,754	9,129,611	9,581,970	10,056,906
EXPENDITURES									
SALARIES AND WAGES	986,229	1,019,018	1,029,690	1,277,035	1,315,346	1,354,806	1,395,451	1,437,314	1,480,434
BENEFITS	673,353	896,886	969,691	672,838	713,208	756,001	801,361	849,442	900,409
OPERATIONS AND MAINTENANCE	2,490,145	2,442,357	2,615,618	3,430,345	3,533,255	3,639,253	3,748,430	3,860,883	3,976,710
CAPITAL OUTLAY	565,189	544,807	816,475	2,206,855	2,310,382	2,000,000	1,040,597	800,000	3,800,000
DEBT SERVICE	215,195	612,491	621,332	1,609,506	1,611,624	1,607,476	1,612,018	1,611,192	1,609,526
TOTAL EXPENDITURES	4,930,110	5,515,558	6,052,806	9,196,579	9,483,815	9,357,536	8,597,857	8,558,832	11,767,078
Surplus/(Deficit)	2,390,726	1,855,983	1,428,336	(1,299,079)	(1,195,440)	(658,782)	531,754	1,023,139	(1,710,172)
Fund Balance, July 1	15,538,118	17,928,844	19,784,827	21,213,163	19,914,084	18,718,643	18,059,861	18,591,615	19,614,754
Fund Balance, June 30	17,928,844	19,784,827	21,213,163	19,914,084	18,718,643	18,059,861	18,591,615	19,614,754	17,904,582

Pinole Community Television Fund

The Pinole Community Television (PCTV) Fund accounts for revenue received from video production charges, PEG fees, and the General Fund. PEG fees are designated for equipment purchases.

Category	2021-22								
	2018-19 Actual	2019-20 Actual	2020-21 Actual	Revised Budget	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
REVENUES									
TAXES	32,702	28,833	25,359	52,972	54,561	56,198	57,884	59,620	61,409
CHARGES FOR SERVICES	188,351	191,537	223,342	316,956	326,465	336,259	346,346	356,737	367,439
MISCELLANEOUS REVENUE	4,020	3,000	341	5,000	2,500	2,500	2,500	2,500	2,500
TRANSFERS IN	132,303	147,804	174,853	160,124	247,643	219,839	231,496	243,796	256,786
TOTAL REVENUES	357,375	371,175	423,895	535,052	631,169	614,796	638,226	662,653	688,134
EXPENDITURES									
SALARIES AND WAGES	186,080	174,271	184,450	197,042	202,953	209,042	215,313	221,773	228,426
BENEFITS	103,742	121,948	137,325	147,867	156,739	166,143	176,112	186,679	197,879
OPERATIONS AND MAINTENANCE	46,491	45,328	70,017	163,161	168,056	173,097	178,290	183,639	189,148
CAPITAL OUTLAY	21,063	33,327	-	62,696	64,576	66,514	68,509	70,564	72,681
TOTAL EXPENDITURES	357,375	374,875	391,792	570,765	592,324	614,796	638,224	662,654	688,134
Surplus/(Deficit)	-	(3,700)	32,104	(35,713)	38,845	(0)	2	(1)	(0)
Fund Balance, July 1	(31,535)	(31,535)	(35,235)	(3,131)	(38,845)	(0)	(1)	1	0
Fund Balance, June 30	(31,535)	(35,235)	(3,131)	(38,845)	(0)	(1)	1	0	(0)

Information Systems Fund

Internal service fund used to account for activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments on a cost-reimbursement basis. The City uses internal service funds to account for the costs of information services.

Category	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Actual	Actual	Revised Budget	Forecast	Forecast	Forecast	Forecast	Forecast
EXPENDITURES									
OPERATIONS AND MAINTENANCE	555,995	723,886	641,766	1,035,936	1,067,014	1,099,025	1,131,995	1,165,955	1,200,934
CAPITAL OUTLAY	53,720	71,755	26,323	161,700	166,551	171,548	176,694	181,995	187,455
INTERFUND/INTERDEPARTMENTAL CHAR	(609,715)	(795,641)	(668,089)	(1,197,636)	(1,233,565)	(1,270,572)	(1,308,689)	(1,347,950)	(1,388,388)
TRANSFER TO CLEAR NEGATIVE CASH	-	-	-	196,169	-	-	-	-	-
TOTAL EXPENDITURES	-	-	(0)	196,169	-	-	-	-	-
Surplus/(Deficit)	-	-	(0)	196,169	-	-	-	-	-
Fund Balance, July 1	(196,169)	(196,169)	(196,169)	(196,169)	(0)	(0)	(0)	(0)	(0)
Fund Balance, June 30	(196,169)	(196,169)	(196,169)	(0)	(0)	(0)	(0)	(0)	(0)

MAJOR CHALLENGES AND OPPORTUNITIES OVER THE NEXT FIVE YEARS

One of the main objectives of a LTFP is for an organization to identify significant challenges and opportunities that it is likely to face in the future such that the organization can take steps, with an adequate runway, to overcome challenges and profit from opportunities while providing desired service levels through a structurally balanced budget. The City conducted an environmental scan as part of the development of the Strategic Plan. Additionally, the City deployed an online survey in May 2021 to gather input from the community on the major challenges and opportunities that the City will face over the next five years. The findings of the environmental scan and the community survey are integrated in the content below.

MAJOR CHALLENGES

Changes in demographics and economic conditions can create significant challenges for cities. As noted above, City staff does not anticipate that demographic or economic changes over the next five years will create any significant challenges for the City. The City will nonetheless face a number of other challenges over the next five years.

The City engaged a public opinion research firm to complete a poll in November 2019 of a representative sample of likely voters to identify their top concerns and prevailing opinions. The firm completed 426 surveys, via mixed mode (telephone and web). Participants provided the following responses to the question “What do you think is the most important issue facing the City of Pinole today?”:

- Traffic/transportation (14%);
- Public services funding/spending (13%);
- Crime/policing (9%);
- City budget/policies (8%);
- Housing/overpopulation (7%);
- Infrastructure/roads/power issues (6%);
- Jobs/economy/development (6%);
- Schools/education (5%);
- Community improvements (4%);
- Wildfires/fire safety (4%);
- Homelessness (2%);
- Taxes (2%);
- None/nothing (7%);
- Other (3%); and
- Don’t know (11%).

It is interesting to note that no single issue emerged as the most significant to a majority of respondents. Rather, different respondents felt that a wide variety of challenges were the most significant.

In addition to those listed above, City staff and the environmental scan identified the following additional items as major challenges that the City will face over the next five years:

- The City's extensive infrastructure, which needs upgrade and replacement;
- Retaining and developing staff, and succession planning;
- Climate change; and
- The changing nature of retail and the related impact to the City's sales and property tax revenues.

The City deployed a voluntary online survey specifically related to the LTFP from May 3, 2021 to May 17, 2021 using Survey Monkey. A total of 47 self-selected community members completed the survey and identified the following as the main challenges facing the City of Pinole over the next five years, some of which overlap with the major challenges identified in the environmental scan:

- Infrastructure maintenance and replacement, notably roads and parks;
- Climate change;
- Public safety, including policing and fire services; and
- Public transportation.

MAJOR OPPORTUNITIES

Changes in demographics and economic conditions can also create opportunities for cities. City staff does not anticipate that there will be any significant demographic or economic changes in the City over the next five years, therefore staff is not anticipating that demographic or economic changes will themselves present major opportunities. That said, the City currently faces and will continue to face a number of opportunities over the next five years.

Opportunities facing the City include the following:

- The opportunity to reimagine retail centers, potentially as mixed use or destination retail and entertainment developments, as the nature of retail changes and there is less need for large retail buildings and centers;
- The opportunity to redevelop other underdeveloped infill sites, such as vacant lots;
- The City's central location in the Bay Area, adjacent to I-80 and San Francisco Bay;
- The City's diverse population; and
- The City's historic downtown.

Respondents to the LTFP survey of May 2021 identified the following as the main opportunities facing the City of Pinole over the next five years, some of which overlap with the major opportunities identified in the environmental scan:

- Environmental initiatives, including the use of green and renewable energy;
- Economic development strategy to attract and support small businesses;
- Redevelopment of areas that can be used for new businesses and housing; and
- Revitalization of the historic downtown.

In April 2022, staff deployed a survey designed to gauge community members' priorities. Staff used the results from the previous surveys, outlined above, to create the qualitative survey using the Balancing Act tool. The survey included a menu of eleven potential City initiatives to be considered for funding, and asked respondents to select items that are of the highest priority to them, then rank them in order of importance. The initiatives in the survey are as follows:

- Active transportation
- Climate and environmental sustainability
- Community services
- Community spaces and facilities
- Economic development
- Financial reserves
- Housing assistance
- Parks and facilities
- Pavement maintenance and rehabilitation
- Public safety services
- Road safety

The survey results were the following. <insert>

POLICY ALTERNATIVES - ADDITIONAL DISCRETIONARY EXPENDITURES

One goal of a LTFP is to identify the City services, and service levels, that residents desire, and can be afforded on an ongoing basis by a structurally balanced City budget.

In the United States, there are many levels of government (federal, state, county, city, and special districts), with distinct responsibilities. Cities are primarily responsible for public safety, land use, and public works. They are also often responsible for parks and recreation and sometimes responsible for providing utility services, such as clean water, wastewater, and power.

Pinole is considered a “full service” city, which means that it provides all traditional municipal services. It also provides some services, particularly fire protection and wastewater, that are provided by special districts in many other cities. Pinole provides a very broad range of services for a city of its size.

The majority of City of Pinole staff and resources are dedicated to public safety (police and fire services), land use regulation, building safety, local transportation infrastructure (streets, sidewalks, signals, bike lanes, etc.), and wastewater services. The City also invests significant staff and resources in additional public-facing services, such as outdoor recreation space and facilities, recreational and educational programs, cable television programming, and childcare and senior services. Some City staff and resources are also needed to provide internal services, such as finance, human resources, legal, information technology, records management, and facilities and equipment, to support the public-facing operations. Since having made reductions in staffing during the Great Recession, the City has been leanly staffed compared to many other cities.

Customer expectations for certain municipal services, such as wastewater, are fairly consistent across communities. Therefore, it is straightforward for a city to identify the optimal service level for that function. Customer expectations, and service levels, for other municipal services, vary significantly across communities, and are influenced by a number of factors. As noted above, the City of Pinole is leanly staffed, and provides a solid but basic level of service in most service areas.

UNFUNDED/DEFERRED LIABILITIES

The City has a number of unfunded liabilities and deferred maintenance needs that it could address, described below.

Unfunded Liabilities

The City has a number of unfunded liabilities, such as unfunded accrued compensated absences, unfunded liability for other post-employment benefits (OPEB), and unfunded retirement (pension) liabilities.

Unfunded Accrued Compensated Absences

City employees accrue paid vacation and sick leave. As of the end of FY 2020/21, the City had approximately \$1.1 million in unfunded liability for vacation and sick leave that employees had earned but not yet taken. The City traditionally pays for paid leave out of its normal operating budget, referred to as “pay-as-you-go.” The City could choose to set aside funds to eliminate this unfunded liability. The funding source could be one-time funding, such as unassigned fund balance.

Unfunded Retirement (Pension) Liability

The City provides its employees with a defined benefit retirement program through CalPERS. Depending on the demographic characteristics of the City’s employees, the amount of City and employee contributions to the retirement program, and the program’s return on its investments, the assets and liabilities in the City’s CalPERS account fluctuate over time. Per the most recent actuarial valuation available, as of June 30, 2020 the City had a total unfunded pension liability with CalPERS of approximately \$39.4 million.

CalPERS has made several changes to its policies and procedures over the past decade that have been intended to increase the financial strength of the system, but have also resulted in significantly increased required contributions and unfunded liabilities for municipalities. CalPERS has changed key assumptions that increased unfunded liabilities, including increasing the life expectancy of beneficiaries and decreasing the expected rate of return on assets. CalPERS has also implemented new policies that require municipalities to accelerate contributions in order to achieve adequate funded status more quickly. So, despite the implementation of the less costly Public Employees’ Pension Reform Act (PEPRA) in 2013, the City’s unfunded pension liability has grown substantially over the past few years. CalPERS is unlikely to implement a comparably broad set of additional changes in the coming years, but even more modest changes, in addition to other factors, could continue to significantly increase the City’s unfunded pension liability over the next few years.

The City created a special trust fund in FY 2017/18, referred to as a “Section 115 trust,” funded with General Fund resources, to offset this significant unfunded pension liability. As of June 30, 2021, the market value of the assets in the trust fund was \$19.4 million. The unfunded liability in CalPERS will fluctuate over time, as will the value of the assets in the Section 115 trust.

Unfunded Accrued Liability (UAL) for Other Post-Employment Benefits (OPEB)

A pension is the primary benefit that the City provides to retired City employees. The other main benefit that the City provides to retired City employees is a contribution toward retiree medical insurance premiums during retirement. This and other ancillary, non-pension retirement benefits, are referred to as other post-employment benefits (OPEB). Until recently, employers have not been required to report OPEB assets and liabilities in the same way that they have been required to report pension assets and liabilities. Further, employers have generally not been

required to make regular payments to pre-fund OPEB liabilities. Employers have normally paid for OPEB benefits on a pay-as-you-go basis. This has resulted in significant unfunded OPEB liability for many employers, including the City. As of June 30, 2021, the City had an unfunded OPEB liability of \$46.5 million.

The City could consider creating an OPEB trust, like the Section 115 Trust that was created for pension. The City would need to determine a funding source for the trust, or it could consider using the current Section 115 Trust for both pension and OPEB. If the trust were to be used for pension and OPEB, the funds would be exhausted faster unless additional funding was put into the trust.

Deferred Maintenance and Renewal

Like many cities, Pinole has deferred investment and expenditures on capital assets and other systems, particularly in response to and in the aftermath of the Great Recession and the dissolution of redevelopment. The City's current budget allows the City to provide essential services, but defers some investment in capital assets. This deferral of investment will lead to the deterioration of some assets and systems in the long run.

Capital Asset Renewal and Replacement

Pinole has deferred expenditures on capital asset maintenance and renewal, and many of the City's capital assets are reaching the natural end of their useful life. The City owns a significant portfolio of capital assets, which are well described in the City's Capital Improvement Plan (CIP). These include buildings, roads, sidewalks, parking lots, trails, parks, open space, the wastewater treatment plant, the sewer collection system, the stormwater collection system, vacant lots, streetlights, and traffic control devices. The City's Strategic Plan includes a strategy to conduct a citywide asset condition assessment. That effort is currently underway, addressing different asset types in phases. The City is in the process of developing a sewer system master plan and will be developing a parks master plan. The City is also implementing a new capital asset management software system. After these efforts are complete, the City will have a much clearer picture of its capital asset portfolio and the expenditures required for maintenance and renewal to achieve the lowest possible total cost of ownership of its assets.

Vehicle and Equipment Replacement

Vehicles and equipment are another significant asset that the City relies upon to provide services. The City does not currently have an integrated, citywide vehicle and equipment management program. It acquires new vehicles and equipment when needed on a pay-as-you-go basis, and its vehicles and equipment are generally modern enough to meet current operating needs. Paying for equipment on a pay-as-you-go basis can lead to expenditure spikes when expensive equipment needs to be replaced. The City's new capital asset management software system has a module for fleet and equipment. Once that module is implemented, the City will have a clearer

sense of its vehicle and equipment replacement needs and the amount of funding that the City should set aside on an annual basis to address needs.

SERVICE AND PROGRAM EXPANSION

As noted above, the City provides a solid but basic level of service in most service areas. The City can spend any surplus discretionary financial resources it may have on expanding services and programs.

Expansion of Existing Services

Economic Development

The City has not had a formal economic development function since 2012, when the dissolution of redevelopment occurred, although the City has undertaken some limited economic development activities recently. One of the Strategic Plan strategies is to “develop a comprehensive economic development strategy,” and several other Strategic Plan strategies also relate to economic development. The City has hired a professional services firm to develop the economic development strategy, which will include a recommendation on the appropriate form and magnitude of a City economic development program.

Climate Resiliency and Environmental Programs

The City is required by the State and federal government to undertake a number of programs related to protecting the environment. For example, the City is required to comply with requirements related to effluent of the wastewater treatment plant, stormwater protection, having low emission fleet vehicles, reducing solid waste disposal, complying with the California Environmental Quality Act (CEQA), having a General Plan, and others. The City has also undertaken voluntary steps to protect the environment and to keep the City resilient to the threats of a climate crisis, such as joining a community choice energy program, Marin Clean Energy (MCE), authorizing a property-assessed clean energy (PACE) program, and participating in a local transit joint powers authority (Western Contra Costa County Transit, “WestCAT”). There are additional programs and activities that the City could undertake to further promote environmental protection. The City Council recently reviewed the various programs and activities that the City is currently undertaking related to climate change and directed staff to complete an Active Transportation Plan, a Climate Action Plan, and an energy conservation, generation, and storage assessment of all City facilities. These plans and assessments will recommend new steps the City can take to address environmental issues.

Fire Service

The City is currently in discussion with Confire about expanding fire service in Pinole through a cooperative arrangement.

Housing Assistance

Redevelopment was a significant tool for affordable housing development. Since the dissolution of redevelopment, the City of Pinole, and other California cities, have fewer tools and financial resources to create affordable housing. Upon the dissolution of redevelopment, the City opted to become the housing successor to the former Pinole Redevelopment Agency. In that capacity, the City monitors affordable housing units that were funded by the former agency for ongoing compliance with affordability covenants. The City also has an inclusionary housing ordinance that requires that all housing development projects with four units or more must ensure that 15% of the units are affordable. The City can expend resources remaining from the former agency's affordable housing assets to support the creation of a limited number of new affordable housing units or to provide services to the homeless population. However, these resources are significantly less than what would be needed to provide any substantial amount of new affordable housing units in the City.

Youth Development and Support

The City supports and engages youth ages six through 17 through the activities of the Community Services Department's Youth Center, which provides afterschool and summer enrichment programs. The Youth Center could expand services to address youth health, engagement, community service, a youth commission, workforce development, or other activities.

Cultural, Historical, and Artistic Programs

The City provides a limited number of cultural, historic, and artistic programs. These include enrichment programs through the Community Services Department's Senior Center and Youth Center, periodic community events such as music in Fernandez Park, broadcast of some community events on Pinole Community Television (PCTV), rental of a portion of the Memorial Hall building to the Pinole Community Players theater company, and some public art. The City does not have a specific requirement that new development projects include public art or pay an in-lieu fee for public art elsewhere in the City. The community does have a number of cultural, historic, and artistic organizations and resources that the City could support or leverage to provide more cultural, historic, and artistic offerings.

New Services

Although Pinole is a "full service" city, there are some services that other cities provide that Pinole does not. These include educational support programs.

Education Support

In California, public education is provided by school districts. School districts rely on a different source of revenue than do cities. Some cities support the education of their residents by offering educational support programs or by providing financial assistance to public schools. The City does offer afterschool enrichment programs to students for a fee, but does not currently provide

educational support programs. In the past, West Contra Costa Unified School District (WCCUSD) has provided the City with grant funding such that the City could assign two police officers to serve as school resource officers (SROs). WCCUSD eliminated that funding in FY 2020/21. The officers previously assigned as SROs have been reassigned to other public safety duties.

Capital Expansion

The term “capital expansion” refers to creating new capital assets, such as parks or plazas, opposed to simply renewing or replacing [existing capital assets](#).

New Parks and Park Upgrades

The Contra Costa Local Agency Formation Commission (LAFCO) recently released a municipal service review (MSR) of parks and recreation services in the County. The final report found that Pinole has adequate park space based on 12.9 acres of developed parkland per 1,000 residents, but did not look in detail at the City’s specific park amenities. The City is preparing a Park Master Plan, which is a CIP project. The Park Master Plan will involve gathering community input on desired park amenities and will recommend whether any additional parks, or additional amenities within existing parks, are desirable, accessible, and feasible. Potential funding sources for consideration include grant opportunities, park development impact fees, fundraising from individuals or organizations, and new tax measures.

Other Capital Expansion Projects

New Public Spaces/Placemaking

The term “capital expansion” refers to building new capital assets, such as buildings, roads, parks, paths, bike lanes, etc., opposed to replacing existing capital assets. As noted above, the City has a substantial capital asset footprint already, and much of the City’s current capital assets have deferred maintenance that would require significant investment to eliminate. Nonetheless, it might be desirable to create some new, high-impact capital assets that would improve economic vitality or quality of life.

Additional Reserves

Pursuant to its Reserve Policy, the City is required to maintain a general reserve equal to 50% of total ongoing annual General Fund expenditures. As of June 30, 2021, General Fund unassigned fund balance exceeded the minimum required at approximately 58% of total General Fund expenditures.

The City’s formal General Fund reserve and other uncommitted General Fund fund balance have fluctuated over the years. The larger these reserves and balances, the better the City is able to address unplanned revenue reductions or expenditure increases.

Staff performed an analysis of the City's financial resiliency using the diagnostic tool offered by the GFOA. The tool determined that the City has a low level of financial risk based on several factors, including its revenue stability, low expenditure volatility, and high liquidity. GFOA suggests that cities with a low level of financial risk maintain a minimum general reserve of approximately 17% of total ongoing annual General Fund expenditures. (GFOA recommends that cities with moderate and high levels of financial risk maintain general reserves at a minimum of 26% and 36%, respectively.)

City staff believe that a high reserve is appropriate given the ongoing uncertainty regarding the impact of the pandemic. However, City staff may recommend reducing the required reserve to 35%, so that funds currently held in reserve greater than 35% can be invested in high-priority City needs.

POLICY ALTERNATIVES – ADDITIONAL REVENUE AND EXPENDITURE REDUCTION OPTIONS

As noted above, one goal of a LTFP, and of a city's annual budget, is to identify the City services that residents desire and to simultaneously identify an equivalent amount of funding, which results in a structurally balanced budget. The mechanisms through which cities receive revenue vary across states. In California, cities receive the bulk of their revenues for general operations through sales tax and property tax. In addition, to offset the loss of property tax revenue that cities experienced due to Proposition 13, many cities instituted other forms of taxes, such as business license tax, transient occupancy tax (TOT), utility users' tax (UUT), and "local sales tax" (transactions and use tax). Cities have also instituted mechanisms to recoup funds that they spend to provide services that directly benefit a specific user or beneficiary through fees and assessments.

The section above identified some unfunded and deferred liabilities and service and program expansions in which the City could invest additional resources. Because the five-year forecast predicts that the City's General Fund budget will be essentially balanced over the next five years, there are limited resources to invest in unfunded/deferred liabilities and expanded services/programs. Therefore, if the City would like to make any substantial new investments, it will need to identify additional revenue sources or reduce some other current expenditures. Both of these options are discussed below.

ADDITIONAL REVENUE

New Local Revenue

The mechanisms through which California cities can independently generate new revenue have been significantly restricted over the past few decades. There are nonetheless a few, limited mechanisms that cities can still use.

Increased Fee Revenue

Cities can establish fees for service that fully cover the cost of the service, but cannot set fees any higher than required for full cost recovery. Many cities have financial policies that state the specific intention to achieve full cost recovery for certain services. Many cities also routinely reevaluate the cost of providing services and adjust fees accordingly to achieve full cost recovery.

The City has had a decentralized process in recent years of analyzing costs and proposing fee changes. Whereas in many cities, the Finance Department leads a coordinated annual effort, as part of the budget process, to identify situations in which fees should be modified to achieve full cost recovery, in Pinole individual departments have been responsible for reviewing costs and proposing fee changes, which they have done on a periodic and irregular schedule. The Strategic

Plan includes a strategy to conduct a comprehensive fee study to ensure cost recovery of current and potential service fees. The City has hired a consulting firm to create a new cost allocation plan and recommend a new master fee schedule for all City fees. The City expects to receive the consultant's recommendations in spring 2022, after which the City can consider modifying fees to achieve full cost recovery of certain services.

Franchise Fees

Franchise fees are fees that the City charges to private parties for the private parties' use of City right of way. The most significant franchise fee that the City charges is to the City's solid waste collection company, Republic Services, which entitles Republic Services to use the City's streets and right of way to perform solid waste management activities, such as refuse, recycling, and organic material pick up. The fee varies as it is adjusted annually for inflation. Another franchise agreement that the City has is with Pacific Gas and Electric (PG&E) for its use of City poles, wires, conduits, and appurtenances, to transmit electricity and gas to the public. The City levies a fee of 1% to 2% of gross receipts based on one of two formulas, whichever is greater. The City also has a franchise agreement with Comcast, as a state franchise holder, to provide video services to the City. The City levies a fee of 5% of gross revenues. Under the same agreement, the City levies a fee of 2.12% of gross revenues to go toward Public, Educational, and Government (PEG) access channel capacity. PEG fees are used to fund PCTV capital improvements. Franchise fees can be higher than what is required for full cost recovery. Most cities have a small number of franchises, with long term agreements, so the opportunity to increase franchise fees is infrequent.

Sale of Surplus Property

Cities can generate one-time revenue through the sale of surplus property, which might take the form of equipment, furniture, or real property. The sale of surplus equipment, furniture, or supplies rarely generates any significant amount of revenue, whereas the sale of surplus real property can result in significant proceeds, depending upon the characteristics of the property. The proceeds are usually required to be returned to the fund or specific use that originally purchased the property. Many cities sold most or all of their remaining surplus real property following the onset of the Great Recession, to generate revenue to offset the loss of revenue resulting from the Great Recession.

The City did not divest of all of its real property at that time, and therefore still owns a number of real properties that could be considered surplus and sold. Real property owned by the City that is not currently being used for a core City function includes the building in which the United States Postal Service is housed on Pear Street, the vacant lot across the street, and others. As noted above, the Strategic Plan requires that the City conduct a citywide asset condition assessment. This will include cataloging all of the city's capital assets, including real property, and assessing their condition and value. Once the City has this information, it can be reviewed in comparison to the City's anticipated future public facility needs, and surplus properties can be

identified and sold. The City is concluding the process of selling five former Pinole Redevelopment Agency properties.

New Local Tax Measures

The City has instituted a number of local taxes, such as a UUT, TOT, business license tax, and two local sales taxes, to support City services. The City can consider other new local taxes, or increase existing taxes, to generate additional revenue for critical City services.

Increased Parcel Tax and Real Property Transfer Tax (RPTT)

In 2019 and 2020, the City Council considered the desirability of placing two different local tax measures on the ballot, a special parcel tax and a real property transfer tax (RPTT).

In 2019, the City Council directed City staff to take the steps necessary to place a tax measure to fund fire service on the March 2020 ballot. Subsequently, in August 2019, the City Council directed staff to specifically take steps necessary to place a special parcel tax to fund fire service on the November 2020 ballot rather than March 2020. The City hired a public opinion research firm to assess voter support for a potential special parcel tax for fire service. The firm presented its findings to the City Council in November 2019.

In 2019, the City Council also directed City staff to analyze the steps necessary to place a measure on the ballot that would increase the RPTT. A RPTT is a tax imposed on the deed, instrument, or writing by which interests in real property are transferred. Under the California Revenue and Taxation Code, general law cities, like Pinole, may impose a RPTT of no more than \$0.55 per \$1,000 of value on the property transferred (the County may also impose a RPTT equal to this rate). Pinole currently has a RPTT of the maximum allowed for general law cities of \$0.55 per \$1,000 of value. Charter cities may impose RPTTs at a rate higher than the maximum statutory rate of \$0.55 per \$1,000 of value. The median RPTT rate for charter cities in Contra Costa and Alameda Counties is \$12.00 per \$1,000 of value. Staff calculated that were the City to implement a RPTT of \$12.00 per \$1,000 of value, it might create new City revenue averaging approximately \$1.7 million annually. In February 2020, the Council directed staff to retain a polling consultant to gather information on public opinion regarding a charter city ballot measure limited to an increase in the RPTT and directed staff to retain a communications consultant. Due to the onset of COVID-19, in April 2020, the Council directed staff to suspend all of its activities in pursuit of a November 2020 charter city and RPTT ballot measure. In July 2020, the Council also directed staff not to move forward in preparing a November 2020 ballot measure for a special parcel tax for fire service.

In early 2022, the City Council revisited placing a charter city/RPTT measure on the November 2022 ballot. It directed staff to engage a polling and community engagement consultant to gauge community interest. The City expects to receive the polling results in spring 2022.

Increased Utility Users Tax (UUT)

As noted above, the City currently levies an 8% UUT on the value of public utility services consumed within the City limits for electricity, gas, and telecommunications which includes phone landline and cellular phone. The UUT was originally approved by Pinole voters in November 1998, and extended by voters in 2004, 2012, and 2018. UUTs can also be applied to water and sewer utility service. The City could consider pursuing either an increase in the amount of the levy or broaden the types of utility services to which it applies.

General Obligation Bonds

General obligation (GO) bonds are bonds that must be approved by voters and are repaid through an additional assessment (“override”) on property taxes. They include both tax and debt components, and are discussed more below.

Assessment Districts

Assessment Districts

Assessment districts are a mechanism through which property owners agree to pay an additional assessment to fund specific services or improvements within a specific geographic area. The assessment’s purpose must be defined prior to the district’s creation and the amount that each property owner pays must be proportional to the benefit the property will receive. Assessment districts can be established by a simple majority vote of the property owners. State law allows the creation of numerous specific types of assessment districts with varying authority to conduct different types of improvements and activities. The City currently has a landscape and lighting assessment district (LLAD), which generates funding for the maintenance of public spaces along portions of Pinole Valley Road. The Pinole Valley Road Landscape and Lighting Assessment District (LLAD) assesses property owners in the district approximately \$500 annually per “assessment unit” (acre of developable land), which results in approximately \$50,000 to invest in maintenance of traffic signals, streetlights, median landscaping, irrigation, graffiti removal, and electricity to the traffic signals and streetlights. The City could consider promoting the formation of assessment districts to fund specific improvements in different areas of the City.

Business Improvement District

A business improvement district (BID) is a special type of assessment district focused on commercial districts. BIDs can undertake infrastructure projects such as parking facilities and streetscapes improvements, cleaning and maintenance of the district, and marketing and promotion of the district and its properties/businesses. The City could consider promoting the formation of a BID for downtown or other commercial areas.

Enhanced Infrastructure Financing District

Property tax increment was the primary revenue source that redevelopment agencies used to fund their projects. Cities lost access to this tool in its traditional form when redevelopment agencies were dissolved in California in 2012. In the aftermath of dissolution, the State did create

some new tools intended to mimic some of those previously available under redevelopment. One such tool is an enhanced infrastructure financing district (EIFD), which uses tax increment in a more restricted way. Whereas previously, a redevelopment agency had a right to the property tax increment generated in a redevelopment project area, under an EIFD a taxing entity must volunteer to forego receipt of the tax increment it would otherwise receive so that the increment can be used for the redevelopment project. Use of the EIFD tool requires significant collaboration between separate governmental entities, and will only be advantageous for both parties under specific circumstances. As a result, EIFDs are not yet widely used, but are nonetheless a tool that the City should keep in mind for future capital projects.

New Federal Funding

American Rescue Plan Act (ARPA)

The American Rescue Plan Act (ARPA) is federal legislation passed in 2021 to provide COVID-19 relief. It builds upon the relief provided by two other significant pieces of federal legislation, the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Families First Coronavirus Response Act (FFCRA). ARPA includes \$1.9 trillion in funding, program changes, and tax policies aimed at mitigating the effects of the pandemic. ARPA is the first piece of federal COVID-19 relief legislation that includes direct financial assistance to cities. The City will receive approximately \$4.6 million from ARPA of which it received the first installment in July 2021. City staff recommends that the City Council consider using the allocation to backfill the loss of revenue in the General Fund.

Additional Cash from Debt

Best practices in long-term financial planning require analyzing the City's debt position and the affordability of additional borrowing. One financial strength of the City's is having relatively little general debt. The City has capacity, per the legal debt limit, to issue debt for City expenses. Per the City's FY 2020/21 Annual Comprehensive Financial Report, the City's legal bonded debt limit, which is equivalent to 3.75% of assessed property value, was \$103,173,971, whereas the City only had \$2,734,450 of such debt, which is the City's pension obligation bonds. Debt financing is an option that the City could consider for significant future expenditures, such as capital projects. Following are two of the most common debt financing options that the City could consider.

General Obligation Bonds

General obligation (GO) bonds are issued by public entities to finance large projects that acquire or improve real property. GO bonds are backed by property tax revenue, which is used to repay the bond usually over a 20-to-30-year period. Increasing the property tax to repay the debt requires two-thirds voter approval.

Lease Revenue Bonds

Lease revenue bonds are issued to acquire, construct or expand public projects for which fees, charges, or admissions are charged. Because the debt service is paid from income generated by the facility or related service, such debt is considered self-liquidating and generally does not constitute debt of the issuer, subject to constitutional debt limits. These bonds do not require voter approval.

EXPENDITURE REDUCTIONS

In addition to generating more revenue, the City can create additional resources to invest in unfunded/deferred liabilities and expanded services/programs by reducing expenditures. As noted above, however, the City currently provides a leanly staffed and resourced solid but basic level of service in most service areas, with the majority of the City's resources expended on core services. As such, the City has fewer opportunities than perhaps do some other cities to scale back some services in order to expand others. That said, there are two options that the City should consider or pursue to reduce expenditures, reducing retiree medical benefit costs and improving processes to achieve cost-saving efficiencies.

Retiree Medical Benefit

One of the City's largest unfunded liabilities is the medical benefit that the City provides to retired City employees. The City pays for this benefit on a pay-as-you-go basis, which means that the City simply pays for retirees' medical premiums when they are due, and does not set aside funding in advance on behalf of current employees commensurate with the normal cost of this benefit. The City instituted some changes to its retiree medical benefit offering in 2010 when it adopted a standard CalPERS benefit vesting schedule. Under the current program, the City must pay 100% of the medical premium for a retired employee and their dependents if the employee has just five years of City service and 20 years of total CalPERS service. This is a more generous retiree medical benefit than is provided by many other cities. The City could consider exploring other CalPERS program options. There has also been more discussion over the past decade about the possibility of the federal government assuming greater responsibility for retiree medical care or enacting other federal healthcare reforms, which might reduce the City's responsibility and cost for such.

Process Improvements/Efficiencies

All organizations, including cities, use procedures and tools to provide their goods and services. New procedures and tools are constantly emerging, which can result in improved quality, efficiency, or both. As a result, workers become more productive over time. Labor productivity has grown only modestly in the United States over the past decade. For this reason, as noted in the economic changes section above, City staff did not assume any significant productivity increases in the five-year forecast. Nonetheless, the City will likely identify some opportunities to improve procedures or tools that will result in increased efficiency, and associated expanded

service or reduced expenditures. The Strategic Plan includes a strategy to review citywide implementation of best practices and improve processes. This is an effort that City staff will be working on over the next few years, and which will likely result in at least a few improvements that will lead to greater quality, efficiency, or both.

OPTIMAL SERVICE LEVELS AND REVENUES

The City's current service levels and program offerings have been established over time in response to factors such as regulatory requirements, best practices, community preferences, and financial capacity. Preferences and financial capacity can vary considerably from community to community and can evolve over time, as do regulatory requirements and best practices. Public officials monitor these factors and adjust service levels and programs over time accordingly.

RECOMMENDATIONS

The City should maintain its current service and staffing levels, as they are commensurate with the City's current financial capacity and are responsive to community needs and priorities. The City should start to address its unfunded liabilities, primarily capital asset renewal and replacement and Other Post-Employment Benefits (OPEB). The City should pursue opportunities to generate new revenue and evaluate debt financing (for capital projects) as possible funding options.

SUMMARY AND NEXT STEPS

The City is in a relatively strong financial position which is expected to continue through the life of the forecast. Based on the baseline forecast, the City will be able to continue to fund its status quo service levels and has the capacity to address some of the operating and capital improvement needs beyond the baseline. Should the City Council decide to appropriate funding to items not currently included in the status quo forecast, staff will develop alternative forecast scenarios to show the impact on revenues, expenditures, and reserves.



CITY COUNCIL REPORT

5C

DATE: APRIL 26, 2022

TO: MAYOR AND COUNCIL MEMBERS

FROM: SANJAY MISHRA, PUBLIC WORKS DIRECTOR

**SUBJECT: OVERVIEW OF PROPOSED PROJECTS FOR FY 2022-23 THROUGH
2026-27 FIVE-YEAR CAPITAL IMPROVEMENT PLAN**

RECOMMENDATION

Staff recommends that the City Council receive an overview of proposed projects for the FY 2022-23 through 2026-27 Five-Year Capital Improvement Plan and provide direction.

BACKGROUND

The Capital Improvement Plan (CIP) addresses public infrastructure needs, supports community priorities, and aligns with the vision described in the General Plan and 2020-2025 Strategic Plan. The CIP document is reviewed and updated annually to outline the City's future investments in infrastructure and public facilities that are planned over a five-year period.

A variety of funding sources support projects in the CIP. The first year's program is adopted by the City Council as the Capital Budget, as a counterpart to the annual Operating Budget. The fiscal resources are appropriated only in the first year, the subsequent four years of the CIP are important for long term planning and subject to further review and modification.

The Proposed FY 2022-23 through 2026-27 Five-Year Capital Improvement Plan is comprised of projects that fall into the following broad categories:

- Facilities
- Parks
- Sanitary Sewer
- Stormwater
- Streets and Roads
- Infrastructure Assessments

On April 14, staff presented an overview of proposed projects for the FY 2022-23 through 2026-27 Five-Year Capital Improvement Plan (Attachment A) to the Finance Subcommittee.

REVIEW AND ANALYSIS

Many of the CIP projects currently underway are multi-year efforts have been carried over from previous years. The City has had limited staff focused on capital projects and much of staff's attention has been the Wastewater Treatment Plant upgrade project, which limited the City's ability to complete additional projects.

The City Council budgeted one additional position in FY 2021/2022 to help with capital projects, but that position has not been filled due to various reasons. City staff expects to fill that position in FY 2022/23 and will also be requesting two additional positions dedicated to capital projects, an Associate Civil Engineer and a Public Works Specialist, in FY 2022/23 to expedite the completion of additional capital projects.

New Projects for FY 2022/23

CAPITAL PROJECTS FOR FY 2022/23			
PRJ #	USES BY PROJECT	Funds	Source
PA2202	Pocket Park – Galbreth Ave.	\$65,000	Measure S 2014
SS2201	Sanitary Sewer Rehabilitation	\$1,500,000	Sewer Enterprise
SS2202	Replacement of Diesel Tank	\$150,000	Sewer Enterprise
SS2203	Effluent Outfall	\$150,000	Sewer Enterprise
INFRASTRUCTURE ASSESSMENTS FOR FY 2022/23			
PRJ #	USES BY PROJECT	Funds	Source
IN2201	Energy Audit	\$50,000	Measure S 2014
IN2101	Emergency Power for Critical Facilities	\$30,000	General Fund
IN2102	Municipal Broadband Feasibility	\$60,000	Measure S 2014
IN2103	Recycled Water Feasibility	\$60,000	General Fund

Staff is currently reviewing drafts of the Local Road Safety Plan, Sanitary Sewer Collection System Master Plan, and Pavement Technical Assistance Program Report. These documents will inform additional projects for the upcoming fiscal year.

FISCAL IMPACT

The proposed projects for FY 2022-23 through 2026-27 Five-Year Capital Improvement Plan includes \$58,925,971 in identified projects of which, \$1,770,000 are listed as unfunded. Staff will be requesting Council to adopt budget appropriations for the first year

of the Plan which constitutes the Proposed 2022-23 CIP Budget in the amount of \$7,283,971.

Years two through five of the Plan will be used in forecasting funding needs. Staff will provide Council with updated CIP budgets for each future Plan year during the appropriate fiscal year.

ATTACHMENTS

- A. Overview of proposed projects for the FY 2022-23 through 2026-27 Five-Year Capital Improvement Plan



CITY OF PINOLE
DRAFT FY2022-23 THROUGH 2026-27
FIVE-YEAR CAPITAL IMPROVEMENT PLAN

SOURCES BY FUND	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	5-Year Total
100 - General Fund	\$ 335,000	\$ 310,000				\$ 645,000
106 - Measure S 2014	\$ 2,225,016	\$ 940,000	\$ 200,000	\$ 100,000		\$ 3,465,016
200 - Gas Tax	\$ 100,000					\$ 100,000
214 - Solid Waste	\$ 425,000					\$ 425,000
215 - Measure J	\$ 350,000					\$ 350,000
276 - Growth Impact Fees	\$ 108,860	\$ 320,000	\$ 200,000			\$ 628,860
325 - City Street Improvements	\$ 839,395	\$ 4,283,000	\$ 18,048,403	\$ 17,830,000		\$ 41,000,798
377 - Arterial Streets Rehabilitation	\$ 590,318					\$ 590,318
500 - Sewer Enterprise Fund	\$ 2,310,382	\$ 2,000,000	\$ 1,040,597	\$ 800,000	\$ 3,800,000	\$ 9,950,979
Sources Total	\$ 7,283,971	\$ 7,853,000	\$ 19,489,000	\$ 18,730,000	\$ 3,800,000	\$ 57,155,971
Unfunded Total			\$ 800,000		\$ 970,000	\$ 1,770,000
Total Sources Required	\$ 7,283,971	\$ 7,853,000	\$ 20,289,000	\$ 18,730,000	\$ 4,770,000	\$ 58,925,971

FACILITIES									
PRJ #	USES BY PROJECT	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Account #	FY 2022-23 Funds	Funding Source
FA2201	Public Safety Building Modernization		\$100,000	\$100,000	\$100,000				
FA2202	Senior Center Modernization		\$100,000	\$100,000					
FA2002	Electric Vehicle Charging Stations	\$20,000					106-343-47201	\$20,000	Measure S 2014
FA1901	Senior Center Auxiliary Parking Lot formerly known as Fowler House lot reuse	\$748,807					106-343-47201	\$748,807	Measure S 2014
FA1902	Energy Upgrades	\$120,811					106-343-47201	\$120,811	Measure S 2014
FA1702	Citywide Roof repairs and replacement	\$272,000	\$140,000				106-343-47201	\$272,000	Measure S 2014
FA1703	City Hall Modernization formerly known as Paint City Hall	\$125,000	\$125,000				106-343-47201	\$125,000	Measure S 2014
PARKS									
PRJ #	USES BY PROJECT	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Account #	FY 2022-23 Funds	Funding Source
PA2202	Skatepark Rehabilitation			\$150,000					
PA2201	Pocket Park - Galbreth Ave.	\$65,000					106-343-47201	\$65,000	Measure S 2014
PA2101	Installation of high capacity trash bins	\$425,000					214-345-47203	\$425,000	Solid Waste Fund
PA1901	Pinole Valley Park Soccer Field Rehabilitation		\$200,000						
PA1704	Park Master Plan	\$100,000					106-345-47203	\$100,000	Measure S 2014
SANITARY SEWER									
PRJ #	USES BY PROJECT	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Account #	FY 2022-23 Funds	Funding Source
SS2203	Effluent Outfall	\$150,000				\$3,000,000	500-641-47201	\$150,000	Sewer Enterprise
SS2202	Replacement of Diesel Tank	\$150,000					500-641-47201	\$150,000	Sewer Enterprise
SS2201	Sanitary Sewer Rehabilitation	\$1,500,000	\$800,000	\$800,000	\$800,000	\$800,000	500-642-47201	\$1,500,000	Sewer Enterprise
SS2101	Secondary Clarifier - Center Column Rehabilitation	\$350,000					500-641-47201	\$350,000	Sewer Enterprise
SS2102	Air Release Valve Replacements	\$50,000					500-641-47201	\$50,000	Sewer Enterprise
SS2002	Water Pollution Control Plant Lab Remodel	\$100,000					500-641-47201	\$100,000	Sewer Enterprise
SS1702	Sewer Pump Station Rehabilitation		\$1,200,000				500-642-47201	\$0	Sewer Enterprise
STORMWATER									
PRJ #	USES BY PROJECT	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Account #	FY 2022-23 Funds	Funding Source
SW2001	Roble Road Drainage Improvements	\$30,000	\$320,000				276-344-47206	\$30,000	Growth Impact Fees
SW2002	Adobe Road Repair and Drainage Improvements	\$30,000	\$200,000				106-344-47206	\$30,000	Measure S 2014
SW1901	Hazel Street Gap Closure (Sunnyview)	\$487,930					106-344-47206	\$409,070	Measure S 2014
							276-344-47206	\$78,860	Growth Impact Fees
SW1703	Storm Drainage Master Plan	\$75,000	\$75,000				106-344-42101	\$75,000	Measure S 2014
STREETS & ROADS									
PRJ #	USES BY PROJECT	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Account #	FY 2022-23 Funds	Funding Source
RO2501	Residential Slurry Seal				\$890,000				
RO2401	Cape Seal			\$560,000					
RO2301	Residential Slurry Seal		\$890,000						
RO2101	Arterial Rehabilitation	\$590,318					377-342-47205	\$590,318	Arterial Rehabilitation
RO2102	Tennent Ave. Rehabilitation	\$10,382		\$639,000			500-641-47201	\$10,382	Sewer Enterprise
RO2105	Appian Way Complete Streets Project	\$100,000				\$970,000	325-342-47205	\$100,000	WCCTAC - STMP Fees
RO2106	Active Transportation Plan	\$75,000					100-341-47205	\$75,000	General Fund
RO2107	Brandt St. Improvements	\$170,000					100-342-47205	\$170,000	General Fund
RO1902	Pedestrian Improvements at Tennent Ave. near R X R	\$23,620		\$800,000			325-342-47205	\$23,620	WCCTAC - STMP Fees
RO1802	Hazel Street Gap Closure (Sunnyview)			\$200,000					
RO1710	San Pablo Ave. Bridge over BNSF Railroad	\$564,228	\$3,393,000	\$16,940,000	\$16,940,000		325-342-47205	\$45,659	WCCTAC - STMP Fees
							325-342-47205	\$166,150	CCTA Measure J
							325-342-47205	\$352,419	Caltrans - HBP
RO1708	Pinole Valley Road Improvements	\$100,000					200-342-47205	\$100,000	Gas Tax - RMRA
							325-342-47205	\$22,147	City Street Improvements
							215-342-47205	\$350,000	MTC/OBAG2
							325-342-47205	\$129,400	MTC/TDA Article 3
RO1714	Safety Improvements at Appian Way & Marlesta Rd. formerly known as HAWK at Appian Way and Marlesta	\$650,875					106-344-47206	\$149,328	Measure S 2014
INFRASTRUCTURE ASSESSMENTS									
PRJ #	USES BY PROJECT	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Account #	FY 2022-23 Funds	Funding Source
IN2201	Energy Audit	\$50,000					106-344-47206	\$50,000	Measure S 2014
IN2101	Emergency Power for Critical Facilities	\$30,000	\$170,000				100-343-47201	\$30,000	General Fund
IN2102	Municipal Broadband Feasibility	\$60,000					106-118-47201	\$60,000	Measure S 2014
IN2103	Recycled Water Feasibility	\$60,000	\$140,000				100-341-42101	\$60,000	General Fund
Uses by Project Total		\$7,283,971	\$7,853,000	\$20,289,000	\$18,730,000	\$4,770,000			