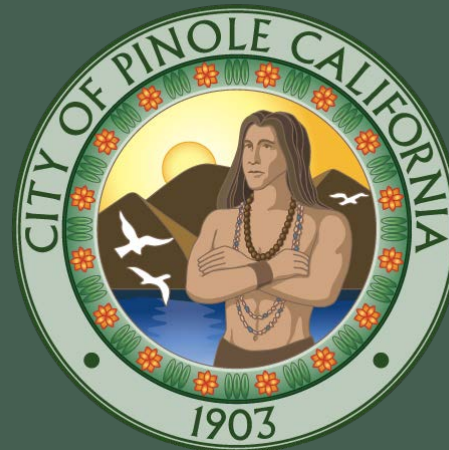


City of Pinole Preliminary Proposed Fiscal Year (FY) 2022/23 Operating and Capital Budget

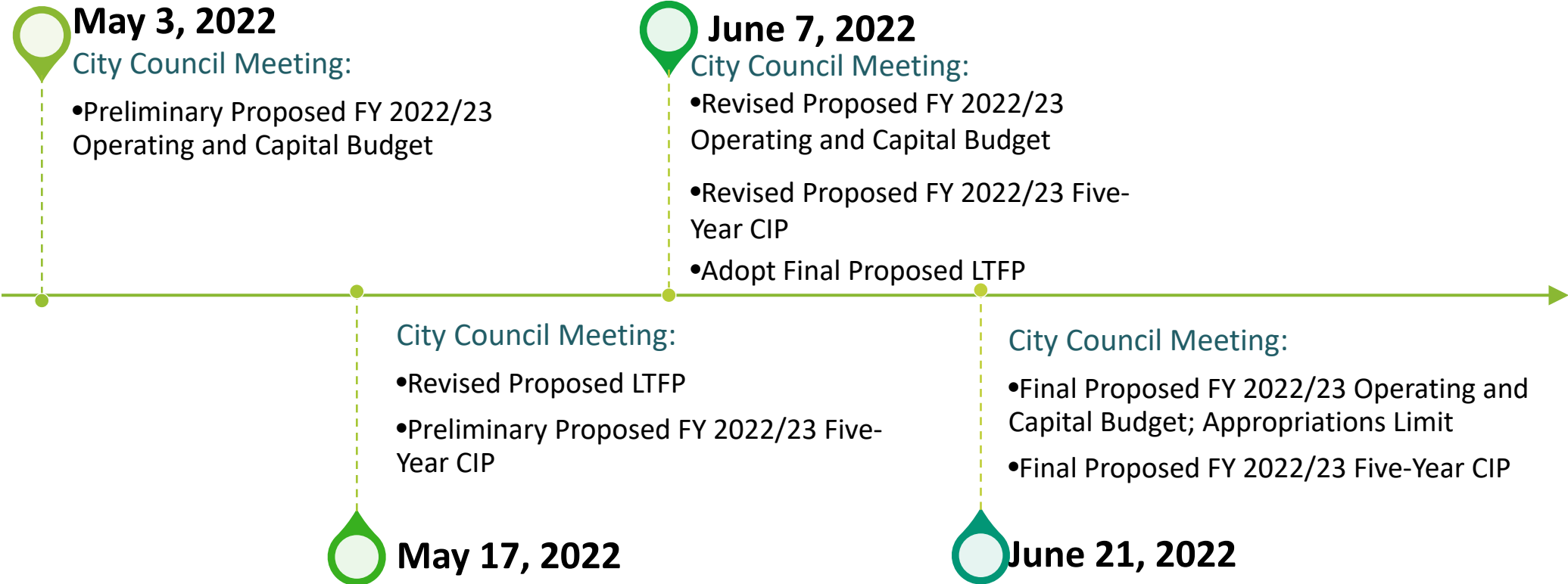
City Council Meeting
May 3, 2022



Staff Recommendation

City staff recommends that the City Council review the Preliminary Proposed Fiscal Year (FY) 2022/23 Operating and Capital Budget and provide direction to staff for changes to incorporate into the next draft of the document, the Revised Proposed version.

Key Dates



Preliminary Proposed Budget Key Points

- Revenues
 - Property Taxes – increase in Successor Agency pass-through revenue resulting from decreasing outstanding debt
 - Sales Taxes – FY 2021/22 was a rebound year, growth starting to level off
 - Overall growth of 4%
- Expenditures
 - Salaries/benefits – includes a total of ~133 full-time equivalent (FTE) positions, an increase of ~7 FTEs from FY 2021/22
 - Positions are allocated to the General Fund and Non-General Funds
 - Significant increase in workers comp and general liability insurance premiums
 - Overall growth of 4%
- Includes use of fund balance in several funds, mainly for capital project carry forwards and one-time initiatives

Budget Considerations

- Vacancy Savings
 - Staff recommends 5% of salary/wages as a savings factor, approximately \$510,000
 - Pinole has averaged approximately 6% salary savings annually over the last three fiscal years
 - Common practice among public agencies
 - U.S. Bureau of Labor Statistics data shows an average 5.5% vacancy rate (“job openings”) from March 2021 to March 2022
- American Rescue Plan Act (ARPA) Funds
 - Staff recommends using funds to backfill loss of revenue for general purpose activities

FY 2022/23 Budget Assumptions - Revenues

Revenues	Basis of Assumption	Growth Rate
Property Tax	HdL projections	13%
		(Basic and RPTTF combined)
Sales Tax	HdL projections	2%
Motor Vehicle In-Lieu Tax (VLF)	HdL projections	6%
Utility Users' Tax	Trend analysis	1%
Franchise Tax	Trend analysis	1%
Transient Occupancy Tax	Trend analysis	5%
Business License Tax	Trend analysis	8%
Other Revenues	Trend analysis	1%
Charges for Services	Interagency agreement	
Transfers In	Formula for transfer from Pension Trust	

FY 2022/23 Budget Assumptions – Expenditures

Expenditures	Basis of Assumption	Growth Rate
Salaries & Wages	Labor agreements	3%
Benefits – PERS Retirement	PERS valuation reports	7%
Benefits - Other	Rate schedules	5%
Operations and Maintenance	Inflation factor	3%
Capital Outlay	Inflation factor	3%
Debt Service	Debt payment schedule	
Transfers Out	Flat dollar amount	

Revised Baseline Budget

- Includes ongoing revenues and expenditures from the FY 2021/22 budget, expected to continue, adjusted for inflation, contractual obligations, and other factors
- Original baseline budget reflects a deficit of \$164,324
- Revised baseline budget reflects a deficit of \$767,415

FY 2022/23 General Fund Preliminary Proposed Budget

Revised Baseline Budget

Item	Amount
Revised Baseline (Updated with Revised Revenue and Expenditure Estimates for Baseline Items)	
Baseline Revenues	23,469,426
Baseline Expenditures (General)	23,453,266
Refined personnel costs related to labor agreements higher than projected in original baseline projection	(392,406)
Workers comp and general liability premiums (MPA projections higher than original baseline projection)	(391,169)
Revised Baseline Surplus/Deficit	(767,415)

FY 2022/23 General Fund Preliminary Proposed Budget *continued*

Item	Amount
Additional Proposed Expenditures (Ongoing)	
HR Technician	(108,136)
Administrative Assistant to full time	(69,447)
Police Officers (2)	(292,834)
Public Works Specialist (25% allocated to General Fund)	(27,302)
Associate Civil Engineer (25% allocated to General Fund)	(40,411)
Fire - increase allocation for weed abatement and fire fuel mitigation	(50,000)
HR - increase funding for various personnel-related activities, including several mandated regulations	(29,225)
Police - new Axon body worn cameras	(42,412)
Police - LEXIPOL daily training bulletins	(4,244)
Code Enforcement - weed abatement during fire season	(27,000)
Code Enforcement - increase funding for code activities involving abatement of properties	(24,000)
Additional Proposed Expenditures (Ongoing) Surplus/Deficit	(715,011)
Total Preliminary Proposed Budget (Ongoing) Surplus/Deficit	(1,482,426)
Vacancy Savings	510,000
Revised Total Preliminary Proposed Budget (Ongoing) Surplus/Deficit	(972,426)

FY 2022/23 General Fund Preliminary Proposed Budget *continued*

Additional Proposed Expenditures (One Time)
<i>Carry forward of Council-directed initiatives...</i>
Active transportation plan
Beautification Ad Hoc Subcommittee recommendations
Brandt Street improvements
Business development/community help reserve
City Hall planting/landscaping
Citywide roof repairs and replacement
Emergency power for critical failures
Municipal broadband feasibility
On-call consultants for capital projects
Recycled water feasibility
Revitalization reserve
Weatherization/ energy efficiency program

FY 2022/23 General Fund Preliminary Proposed Budget *continued*

Additional Proposed Expenditures (One Time)	
<i>Carry forward of capital projects...</i>	
Adobe Road repair and drainage improvements	
Asphalt grinder tractor	
City Hall modernization	
Electric vehicle parking stations	
Energy audit	
Energy upgrades	
Parks master plan	
Pedestrian Bridge inspection	
Pocket park - Galbreth Ave.	
Replacement of rubber matting at various parks	
Safety improvements at Appian Way and Marlesta	
Senior Center auxiliary parking	
Storm drain master plan	
Storm drainage rehabilitation	
Traffic sign replacement	
Turf mower	
Vehicle replacement	

FY 2022/23 General Fund Preliminary Proposed Budget *continued*

Additional Proposed Expenditures (One Time)	
<i>Newly added one-time items...</i>	
Public engagement consultant	
Legislative advocacy consultant	
DEI consultants	
New hardware for Police telephone recording system (Stancil)	
Station 74 upgrades	
Fleet-wide replacement of Police in-car MDC computers	
Participation in SEI Climate Corps program to support climate action plan	

Total Additional Proposed Expenditures (One Time) - \$4,946,796

Total Proposed Use of Fund balance - \$6,429,222

All Funds Budget Summary

Fund	Total Revenue	Total Expenditures	(Use of Fund Balance)
General Fund	\$ 23,469,426	\$ 29,898,648	\$ (6,429,222)
General Reserve Fund	650,925	-	650,925
Equipment Reserve Fund	85,000	279,000	(194,000)
Gas Tax Fund	1,045,621	654,965	390,656
Restricted Real Estate Maintenance Fund	39,991	26,000	13,991
Public Safety Augmentation Fund	172,766	228,901	(56,135)
Traffic Safety Fund	46,500	21,059	25,441
Supplemental Law Enforcement Fund	158,327	111,067	47,260
NPDES Storm Water Fund	253,422	432,246	(178,824)
Recreation Fund	1,131,295	1,827,528	(696,233)
Building & Planning Fund	4,828,449	2,396,761	2,431,688
Refuse Management Fund	66,060	132,902	(66,842)
Solid Waste Fund	368,000	633,261	(265,261)
Measure C/J Fund	390,848	599,469	(208,621)
Rate Stabilization Fund	15,000	-	15,000

All Funds Budget Summary *continued*

Fund	Total Revenue	Total Expenditures	(Use of Fund Balance)
American Rescue Plan Act Fund	2,302,505	2,302,505	-
Asset Seizure-Adjudicated Fund	-	58,231	(58,231)
Parkland Dedication Fund	1,393,134	-	1,393,134
Growth Impact Fund	1,608,476	308,860	1,299,616
Housing Assets for Resale Fund	917,883	327,475	590,408
Lighting & Landscaping District Fund	63,911	62,125	1,786
Pinole Valley Caretaker Fund	15,000	15,000	-
Public Facilities Fund	-	70,000	(70,000)
City Street Improvements Fund	250,000	839,395	(589,395)
Arterial Streets Rehabilitation Fund	250,000	590,318	(340,318)
Sewer Enterprise Fund	8,366,176	10,969,106	(2,602,930)
Cable Access Television (PCTV)	535,052	603,687	(68,635)
Information Systems Fund	1,228,813	1,228,813	-
Pension Fund	1,140,017	1,474,048	(334,031)
Recognized Obligation Retirement Fund	255,000	227,378	27,622
Total	\$ 51,047,597	\$ 56,318,748	\$ (5,271,151)

Next Steps

- Refine budget and prepare next version
- May 17: Present Revised Proposed Long-Term Financial Plan for FY 2022/23 – FY 2026/27
- June 7: Present Revised Proposed FY 2022/23 Operating and Capital Budget and Five-Year CIP

Thank you

Questions?