AMENDED TO UPDATE ZOOM LINK

PINOLE CITY COUNCIL FINANCE SUBCOMMITTEE AGENDA

August 10, 2021

3:00 PM

DUE TO THE STATE OF CALIFORNIA'S DECLARATION OF EMERGENCY – THIS MEETING IS BEING HELD PURSUANT TO AUTHORIZATION FROM GOVERNOR NEWSOM'S EXECUTIVE ORDERS – CITY COUNCIL AND COMMISSION MEETINGS ARE NOT CURRENTLY OPEN TO IN-PERSON ATTENDANCE.

How to Submit Public Comments:

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.

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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.
- 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.

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 Iopu at (510) 724-8928 or hiopu@ci.pinole.ca.us .

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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.*

Finance Subcommittee Membership:
Mayor Martínez-Rubin, Mayor Pro Tem Salimi and Treasurer Swearingen

Staff: City Manager, Andrew Murray
Assistant City Manager, Hector De La Rosa
City Attorney, Eric Casher
Finance Director, Markisha Guillory
City Clerk, Heather Iopu

A. **CALL TO ORDER**

B. **PUBLIC COMMENT**

C. **CONSENT ITEMS**

1. Approve minutes of the May 12 and June 3, 2021 meetings

D. **BUSINESS ITEMS**

1. American Rescue Plan Act and Additional Fiscal Year 2021/22 Appropriations Process **[Discuss and make recommendation (Guillory)]**

No action is requested. The Subcommittee is an advisory committee which makes recommendations to the City Council.

E. **ADJOURNMENT**

Posted: August 5, 2021 at 3:00 p.m.

Heather Iopu, CMC
City Clerk

PINOLE FINANCE SUBCOMMITTEE
MINUTES
MAY 12, 2021

A. CALL TO ORDER

Mayor Martinez-Rubin called the meeting to order at 3:05 p.m. The meeting took place via Zoom teleconference and was broadcast from Pinole City Hall Chambers, 2131 Pear Street, Pinole, CA.

Board Members Present:
Mayor Martinez-Rubin
Mayor Pro Tem Salimi
Treasurer Swearingen

Staff Members Present:
City Manager, Andrew Murray
Finance Director, Markisha Guillory
City Clerk, Heather Iopu
Community Development Director/City Engineer, Tamara Miller

B. PUBLIC COMMENT

There were no speakers.

C. CONSENT ITEMS

1. Approve the Minutes of the April 28, 2021 meeting.

ACTION: Motion by Salimi/Swearingen to Approve the Minutes of the April 28, 2021 meeting.

Vote: Passed 3-0

D. BUSINESS ITEMS

1. Revised Proposed Long-Term Financial Plan for Fiscal Year (FY) 2021/22 – FY 2025/26 **[Review and Provide Direction (Guillory)]**

Director Guillory provided an overview of the Proposed Long-Term Financial Plan for FY 2021/22 – FY 2025/26, one of the strategies indicated in the Strategic Plan for the City of Pinole for FY 2020 through 2025. The scope of the Long-Term Financial Plan included the General Fund, Measure S 2006 and Measure S 2014 sales tax measures. Future plans would incorporate all of the city's funds.

The Five-Year Financial Forecast adopted by the City Council was detailed, the plan had previously been presented to the Finance Subcommittee and a number of changes had been made. A revised version of the plan had been provided to the Subcommittee and the changes were detailed at this time.

Treasurer Swearingen found the salaries information difficult to read which should be better clarified before the item was presented to the City Council. Referring to Page 60, Franchise Tax, he suggested more factors were involved than had been shown other than the cable services portion.

The following speaker submitted written comments that were read aloud and would be filed with the agenda packet for this meeting: **Rafael Menis.**

Mayor Martinez-Rubin identified typographical errors and language changes as follows:

- Page 3, revise the second sentence of the last paragraph to read:

  Staff shared information and received input from Council Members and the public at multiple Finance Subcommittee and City Council meetings in spring 2021.

- Page 8, Intergovernmental Tax, revise the second sentence of this section to read:

  The forecast is based on projections provided by HDL, the City's property tax consultant.

- Page 8, Other Taxes, revise the first sentence to read:

  This category includes the business license tax which is levied on businesses located within the City and those that do business with Pinole but are located outside of City boundaries

- Page 9, Professional Services, revise the last sentence to read:

  The status quo forecast assumes that Professional Services will grow from $2.8 million in FY 2021/22 to $3.1 million in FY 2025/26.

- Page 17, Capital Asset Renewal and Replacement, revise the sixth sentence to read:

  The City is in the process of developing a sewer system master plan and will be developing a parks master plan.

- Page 20, Housing Assistance, revise the last sentence to read:

  However, these resources are significantly less than what would be needed to provide any substantial amount of new affordable housing units in the City; and

- Page 23, Policy Alternatives – Additional Revenue and Expenditure Reduction Options, revise the second to last sentence of the second paragraph to read:

  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.

As the Finance Subcommittee considered the next agenda item for the Five-Year Capital Improvement Plan (CIP), Mayor Martinez-Rubin asked whether any of those revenues and expenditures had been reflected in the Long-Term Financial Plan, and asked staff to provide guidance since she understood they had not been included.

City Manager Andrew Murray reported the City may use the General Fund to invest in any allowable and appropriate municipal purpose with a lot of the CIP projects paid through special revenues such as gas tax and others. The City may invest General Fund resources and Measure S funds in capital projects, had done so, and he offered examples of investments in facilities and capital maintenance. The interplay would be clear in the future as the Long-Term Financial Plan was expanded to show all special revenue sources that contributed to capital projects.

Mayor Martinez-Rubin also requested the insertion of a few explanatory notes in the next iteration of the Long-Term Financial Plan and the entire process of evaluating specific projects, such as how capital projects were determined to be deferred but suggested it was more fitting to have that kind of explanation in the CIP.

Mr. Murray clarified the line edits the Mayor would like made to the Long-Term Financial Plan primarily to correct typographical errors that appeared in the draft, and asked for consensus from the Finance Subcommittee for staff to make those changes.

By consensus, the Finance Subcommittee agreed that the Mayor's recommended changes be made to the Long-Term Financial Plan.

Mr. Murray asked whether the Finance Subcommittee would like staff to make changes to the Long-Term Financial Plan in response to the public comment which was highlighted at this time and he provided the staff rationale whether or not the changes should be made.

By consensus, the Finance Subcommittee agreed with the addition of a sentence in the Long-Term Financial Plan on the qualitative and quantitative methods along with a section about the Utility Users Tax extension as a future revenue opportunity.

Mayor Martinez-Rubin understood that staff would respond to some of the questions with a bit more narrative to provide clarification with some of the public comment answered by the City Manager and with the edits made to the document as discussed.

2. Title: Preliminary Proposed FY 2021/22 Five-Year Capital Improvement Plan (CIP**) [Review and Provide Direction (Guillory)]**

Director Miller provided a summary on the preparation of the CIP via master planning documents condition assessments, regulator notations on insufficient assets and the like, and with the projects included based on multiple different paths of information. The Five-Year CIP also included a funding source summary for the projects in the CIP, which had been divided into five main categories including roads, parks, facilities, storm water and sewer, with links to the funding sources and restrictions on funding sources. Projects in the Five-Year CIP were highlighted.

Mr. Murray thanked staff for the preparation of the Draft Five-Year CIP which was being presented earlier in the process and which provided an overview of the various funding sources, timing and greater narratives of the projects, with the projects identified through the City's assessments of capital assets and determination and greatest need. City staff was working to improve its communications with the public on the City's operating budget and the CIP. The revised proposed Draft Five-Year CIP would be presented to the Finance Subcommittee with more narrative on the capital asset footprint, capital asset process, and complexity of the different funding sources.

City Clerk Heather Iopu reported no comments had been received for this item.

Mayor Pro Tem Salimi inquired of the total budgeted project amounts and the budget for 2021 and how much was the actual for this fiscal year as compared to what had been planned, questions he had raised in 2020 given concerns with a discrepancy in the plan and the actual amount. He asked staff to provide that information from the last three years, what was planned and actual, to be able to provide a better understanding whether the City was understaffed. He also questioned whether the work would be done in-house by City staff or through a Request for Proposal (RFP) process to seek consultants.

Director Miller advised the information in the staff report for the total budgeted project amounts was correct. She did not have the other information requested at this time since the accounting for each project had not been aggregated and she could provide that information at a later date. She spoke to the difficulties for a jurisdiction the size of Pinole to make the funding commitments and noted that historically the City had put a project in a single year with all funding, although it would take more than one year to complete a project. The project could not start without a commitment. Given the limited staff resources many of the capital projects required consultant assistance.

Mayor Pro Tem Salimi asked if additional staffing was provided whether it would expedite the CIP, and Mayor Martinez-Rubin pointed out that even with additional staff the City would not have the funding needed to start the projects since the financial commitments came from outside agencies.

Director Miller described the current work load and acknowledged that the City would benefit from additional staff.

Mayor Pro Tem Salimi asked whether additional staff would be budgeted in the next year, and Mr. Murray confirmed that additional staffing had been included in the upcoming agenda item for the Preliminary Proposed Operating and Capital Improvement Budget, including separating the current Community Development and City Engineer positions, and a Management Analyst for the Public Works Department limited to available funding.

Mayor Pro Tem Salimi requested budgeted Full-Time Equivalents (FTE) for the next year for capital improvement projects in terms of the number of FTEs required to complete the CIP that had been proposed, which could be compared to current staffing levels.

Mr. Murray advised the information would be part of the next agenda item and he suggested the proposed changes in staffing would meet the near future capital planning and other Public Works Department needs.

Mayor Pro Tem Salimi expressed appreciation for the current staff work and inquired of the status of the Tennant Avenue pavement work. He asked whether it would be possible to offset the cost for the portion of the work dedicated from the City of Pinole more towards the Sewer Enterprise Fund so that funds could be dedicated towards other projects, and Director Miller expressed confidence a nexus could be provided, had been discussed in-house, and suggested due to the daily truck traffic for operations that could be quantified, that impact could be passed on to the Pinole-Hercules Wastewater Treatment Plant and the Enterprise Fund as an impact to the road system.

Treasurer Swearingen referenced the on-ramp revisions at Pinole Valley Road and Interstate I-80 which while not funded was on the list of West Contra Costa Transportation Advisory Committee (WCCTAC) projects forwarded to the Contra Costa Transportation Authority (CCTA) for funding. He asked the status of the project and was informed by Director Miller the project was still on the list of anticipated projects the CCTA maintained. The City had been successful in adding the project to the WCCTAC West County Subregional Transportation Mitigation Program (STMP) project list, and the project had been listed as a City of Pinole project, with Pinole required to find funds for the project itself. Staff had met with CCTA staff to discuss the project and may be able to leverage CCTA assistance to help Pinole find money to move that project forward.

Treasurer Swearingen also asked about the cost of the parking lot for the Fowler House and Director Miller reported the City had a consultant working on the design and had provided an estimate, which included some reconfiguration of other parking areas to maximize the entire parking lot and provide electric vehicle (EV) charging stations and low impact development such as storm water improvements since it was a new project. Staff hoped the costs would be kept under control to allow the City to move forward with the project.

Treasurer Swearingen also commented that the Hercules-Pinole Wastewater Treatment Plant funds had been calculated to be utilized in an annual fashion year-to-year with the Consumer Price Index (CPI) part of that calculation.

Treasurer Swearingen asked whether there were enough funds to take some of those funds and use them for the Tennant Avenue improvements, and Director Miller stated she would look into that. He further clarified with Director Miller the Rule20A funds where PG&E was the selected project manager and had been using the funds to pay its contractor but was doing the work on the City's behalf. It was described as a net project and if the City had money left over it would be in the Rule20A bank. Those funds could only be used for Rule20A projects.

Mayor Martinez-Rubin expressed her appreciation for the CIP over the years with projects moving forward based on available funding commitments, with the present CIP including 24 preliminary unprogrammed projects. She asked whether any of the items would become worthy enough to have their own project sheet with potential funding. She asked how the projects had been determined to be included on the list and noted that bridging those project sheets with the current CIP would be helpful to the City Council. She wanted to see a transition between the project sheets and the list with strategic thinking and ideas from staff for possible funding source commitments.

Director Miller suggested the list could be expanded to include notes on how the projects had gotten on the list; possible notations added where the projects had first originated; several of the projects in the park category would be better defined as part of the Park Master Plan process; a column of next steps and aligning possible grants with each item would be helpful; the receipt of federal stimulus funds should be included; and the projects may be prioritized by rank to allow the City Council, as the decision maker, to understand how much infrastructure needed to be considered in the future.

Mayor Martinez-Rubin asked about the status of recommendations from the Beautification Ad Hoc Committee.

Mr. Murray clarified that more narrative background information, potential funding sources and possibly estimated costs would be included for the items in the proposed CIP and the unfunded list when the CIP was brought back to the Finance Subcommittee for review, including more information on the American Rescue Plan Act (ARPA). As to the recommendations from the Beautification Ad Hoc Committee, those recommendations would be addressed as part of the next agenda item. A Tree Master Plan had also been included on the unfunded project list.

The Finance Subcommittee thanked staff for the report and Director Miller confirmed the item would return for consideration of more improvements.

3. Preliminary Proposed FY 2021/22 Operating and Capital Improvement Budget **[Review and Provide Direction (Guillory)]**

Director Guillory presented the Preliminary Proposed FY 2021/22 Operating and Capital Improvement Budget, with work remaining to be done including reconciling numbers, rebalancing some of the funds including the General Fund, Measure S and all City funds, and descriptive narrative information.

The numbers would be fine-tuned and presented to the Finance Subcommittee at its next meeting scheduled for May 26, 2021. At this time, the Finance Subcommittee was asked to consider the City Council items of interest, identified as future agenda items on Page 124 of 357 of the agenda packet.

The Finance Subcommittee discussed each of the City Council Items of Interest one-by-one and asked clarifying comments of staff for each item.

- Increased staff and maintenance in the sewer enterprise.

Any time additional staff was recommended staff was asked to identify whether or not the City was fully staffed and the basis for additional staffing to be better defined. Public Works and Engineering Department staffing levels had always been limited as compared to the number of projects. The current Public Works Department staffing levels and staff duties were identified and staff acknowledged the current staff level was not sufficient to meet current service needs. The Finance Subcommittee supported increased staff and maintenance in the sewer enterprise.

- Addition of police officers.

Staff did not recommend the addition of police officers in the budget at this time with the current staffing level determined to be sufficient.

Concerns were expressed with officers who may be out on disability resulting in overtime for other officers, straining remaining officers on duty who were required to be on-duty 24/7, and there was concern whether officers were at their peak performance. It was recommended that if competitive salaries were an issue to attracting additional officers to the City of Pinole they should be reviewed by the City Council. The Finance Subcommittee supported the staff recommendation.

- School Resource Officer (SRO) Program discussion.

No change was being recommended to the SRO Program at this time with the two positions that had been serving in the assignments of SRO to be maintained although not entirely dedicated to SRO responsibilities.

- Employer funding programs regarding unfunded pension liability.

The City was in relatively good shape regarding its unfunded pension liability. The Long-Term Financial Plan outlined the major financial challenges facing the City. The unfunded pension liability with the California Public Employees' Retirement System (CalPERS) was offset by the City's Pension Trust. Other Post-Employment Benefits (OPEB) liability was completely unfunded and of greater concern. The City had a significant number of deferred and unfunded capital needs. Staff was of the opinion nothing more needed to be done related to the unfunded pension liability.

The City Council asked staff for a presentation from CalPERS representatives in the near future to discuss the City's required contributions and CalPERS investment strategies.

- Fire services study.

The City Council asked staff to review the City's fire service model and funding, with City Council direction to incorporate the fire service model and staffing needs into the proposed budget. Next steps included adding two new positions to the Fire Department and conducting further analysis of the City's needs, service potential and model changes. Staff did not recommend anything further on this item other than to receive future recommendations from the Fire Chief beyond adding the two new positions.

- Continued discussion and concerns with lack of hospital or clinic services in West Contra Costa County.

Staff was of the opinion that medical services were not a core City function. The City had limited capacity, authority, and jurisdiction to address medical services and the City Council was encouraged to continue to advocate and raise questions with local and elected officials on the State and County level more responsible for medical care, with the City to take no further action. Staff confirmed, when asked, that the City may use General Fund resources for public purposes, which were broad, but the funds would be in competition with other City core activities that may compete for General Fund funds. While the City may spearhead the creation of a local hospital, it would be a complex undertaking. The City would get a better return on its investment working with medical health care providers to possibly expand medical services, which had been discussed during a recent Mayors' Conference.

If the City Council sought some sort of City initiative on this topic, the first step would be to consider a scoping and feasibility analysis and appropriation of funds for a professional services firm for a feasibility assessment.

The topic was discussed at length, feedback from the recent Mayors' Conference was detailed, and the staff recommendation restated. If the City Council were to consider moving forward with a firm to consider a scoping session, it was likely the conclusion would be to recommend the City Council advocate with its County and State counterparts and the current medical services providers to consider an expansion.

Mayor Pro-Tem Salimi stated this topic had been a major point of his campaign; Mayor Martinez-Rubin suggested it could be brought up as a future agenda item for City Council consideration; and Treasurer Swearingen suggested the City Manager and the Mayor Pro Tem contact the consultant firm that had previously worked on the bond measure to save Doctor's Hospital which would have the background information to propose a project.

Mr. Murray pointed out this item had been a request for a future agenda item and the City Council had decided it be discussed as part of the budget process. He noted all of the narrative in the staff report would be included in the staff report to the City Council.

- Project labor agreement policy.

Staff recommended the City Council task the Public Works Department with initiating a project this year to analyze potentially instituting a Project Labor Agreement Policy, with the item to be added as a Special Project for the Public Works Department for the upcoming fiscal year with no budget required. Director Miller provided additional details on the federal stimulus spending for labor agreements.

- Open City of Pinole bank and fiber connectivity status/opportunities.

Staff recommended this topic be discussed as part of the Comprehensive Economic Development Strategy. A separate analysis was not recommended at this time and it was recommended the City Council take no other action than the consultant for the Comprehensive Economic Development Strategy take into consideration the two issues. Staff was asked to clarify whether or not only charter cites were able to open a public bank (which Mr. Murray confirmed was the case) and Mayor Pro Tem Salimi pointed out this had the potential to generate millions in revenues for the City of Pinole and those funds could be used for other City needs.

- Pinole Shores II as potential solar site.

The City was negotiating the sale of Pinole Shores to a prospective buyer with the City Council having previously provided direction on the sale of the property. If the City Council sought to pursue this topic the best course of action was through a Council request for future agenda item in Closed Session.

- Charter city.

Staff did not recommend the City of Pinole as a Charter City in and of itself unless there was a compelling public policy initiative the City Council desired to pursue. Absent that possibility, staff did not recommend action at this time. Mayor Pro Tem Salimi reiterated Charter City status would be required for a public bank, it had been discussed as part of real estate transfer taxes with the opportunity for the City to generate additional revenues for other City projects in the future. He understood that background information on Charter Cities had already been done and the City Council may want to discuss the public bank and real estate transfer tax options. He asked that staff clarify with the City Attorney whether or not homebuyers would have to pay additional real estate transfer taxes if they were to use local realtors. Mayor Martinez-Rubin suggested if it had not already been budgeted, the City Council should have a discussion about options to increase additional revenue for the City, and identify potential consequences and requirements in terms of compliance which should be included in the budget. She sought a better understanding of what was required for viable options to become a reality, which would require others with experience with such options to be presented to the City Council, which would require additional funding.

Mr. Murray clarified the budget included a baseline for City Council meetings and adding one or more special meeting would not have to be budgeted. He recommended the City Council defer the issue pending the completion of the Comprehensive Economic Development Strategy.

- Making use of treated wastewater.

Staff had conducted preliminary research and had concluded that making use of treated wastewater was not financially feasible given the costs but a second opinion could be sought by the City Council and the budget could include a modest professional services amount for a consultant to conduct a feasibility analysis. Mayor Pro Tem Salimi understood the refinery in the City of Hercules was making use of treated water, and Director Miller reported that working with the East Bay Municipal Utility District (EBMUD) Phillips/76 the refinery located in Hercules was being studied as a possible reuse destination for Hercules' affluent, and the City of Pinole's wastewater could be put to use as well, although the fiscal benefits were minimal. Wastewater was high on the list for the use of federal stimulus funds and it may be a good time to invite EBMUD to have a conversation to consider the environmental benefits of supplying the affluent.

Treasurer Swearingen provided the background of past discussions between EBMUD and Phillips/76 on desalination plants. Mayor Martinez-Rubin and Mayor Pro Tem Salimi supported a second opinion and funding for a small consulting contract.

- Utility undergrounding opportunities/plan.

Staff to return with an analysis and plan.

Mr. Murray added that the recommendations from the Beautification Ad Hoc Committee would be provided at the next Finance Subcommittee meeting.

Mayor Martinez-Rubin suggested an analysis was warranted for unfunded capital projects. She asked staff to consider that members of the City Council, Planning Commission and staff had gone through the expected process to consider possibilities and recommendations on reasonable suggestions for beautification in combination with investments that staff had considered years prior in terms of litter and trash removal and creative ways to partner with organizations that may be interested, with the aspect of quantification to be part of the analysis to come back.

Director Guillory identified the incremental changes that had been included in the budget as reflected on Page 124 of 257, as discussed, and highlighted the reorganization structure, with all positions included in the proposed budget. She also clarified the cap in the General Plan, staff to continue working on balancing the funds, with a possible need to tap into the imbalance in the General Fund and Measure S in 2006 and 2014 to fund some of the critical positions, with staff to balance the funds as best as possible and come back with possible recommendations in the next version of the Revised Proposed FY 2021/22 Operating and Capital Improvement Budget.

In response to the Mayor Pro Tem, Mr. Murray clarified the organizational chart and the duties of the City Manager, Management Analyst, and Administrative Assistant but noted the chart did not include a dedicated Economic Development Director. The Community Development Department would conduct the day-to-day economic development activities. The current Development Services Director position would be split into two positions; one dedicated to Community Development and the other to Public Works, and a portion of the new Community Development Director's time would be spent on economic development and possibly some of the tasks performed by other Community Development staff. The budget did not include a dedicated Economic Development person or dedicated Communications person, with the communications function to be handled among the three staff persons in the City Manager's Office. The organizational assessments recommended a reclassification of those persons but that was not being pursued as part of the reorganization currently being implemented. Staff recommended the City Council wait for the recommendations from the Comprehensive Economic Development Strategy before recommending how the City should invest and pursue economic development.

The Revised Proposed Budget would come back to the Finance Subcommittee on May 26 incorporating any feedback from that meeting, to be incorporated into the Final Proposed Budget which would be presented to the City Council on June 15. Any subsequent changes would be brought back to the City Council at a future meeting.

Mayor Martinez-Rubin asked that when the budget returned to the Finance Subcommittee information be included as to when a fund begins with a deficit in the fund balance and likely to have a greater fund balance at years end, citing Cable Access TV as an example, where over the years there had been use of funds from a different fund to be able to carry on the activities in that program area, but given the limited funding there had been an anticipated deficit and a fund balance that dipped into the negative. She asked that the next version of the proposed budget include thought of obtaining funds from a different area of the budget.

Director Guillory confirmed that all of the funds would be reconciled and clarified that staff would determine whether or not the funds for CCTV needed to be increased.

Mayor Martinez-Rubin also identified a number of typographical errors which she would hold over to the next meeting of the Finance Subcommittee after a revised version of the document was presented.

Mayor Pro Tem Salimi also wanted to know what it would take for Comcast to broadcast Council meetings in HDTV and whether or not the department required additional equipment, and Mr. Murray reported he had recently e-mailed the Comcast representative and would have more information to provide to the City Council on the possibility of broadcasting meetings in high definition, whether equipment upgrades would be needed, and what would be needed for the City to consider a hybrid format to televise City meetings.

Mayor Martinez-Rubin further referenced the funds allocated for fireworks which the City Council had not agreed to, and Mr. Murray recalled the City Council had directed staff to include in the proposed budget a reserve for fireworks and return with a plan in January 2022 for Fourth of July fireworks celebrations, and to reserve funding in the amount of $40,000 in the budget. Per City Council direction, $40,000 had been included in the budget as a reserve but staff would double check that issue and incorporate the City Council's direction into the budget.

The following speaker submitted written comments that were read aloud and would be filed with the agenda packet for this meeting: **Rafael Menis.**

Director Guillory responded to the public comment and clarified the new positions reflected in the organizational chart were from the organizational assessment; the Deputy City Clerk had not been added to the organizational chart; the one-time funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the Federal Emergency Management Agency (FEMA) Public Assistance Program had not been budgeted for the next Fiscal Year; updated numbers in the gas taxes would be reflected in the revised proposed budget and a plan would have to be instituted to rectify any negative fund balance; an increase in salaries in the Finance Department were clarified; Police Support Services increases in system enhancements were one-time costs for this Fiscal Year; and remaining questions provided would have to be researched further by staff.

4. Preliminary Proposed Financial Policies **[Review and Provide Direction (Guillory)]**

Director Guillory presented the Preliminary Proposed Financial Policies to the Finance Subcommittee for review, which policies had been presented and adopted by the City Council in October 2020, at which item there had been a number of changes made including changes to the Reserve Policy, creation of a Receivables Policy, updates to the Structurally Balanced Budget Policy and updates to the Revenue Policy on one-time resources. All of the changes had been incorporated into the document adopted by the City Council in October 2020. At this time, staff did not recommend any changes to the financial policies. The Finance Subcommittee was asked to review the document, make any changes, with the final proposed financial policies to be brought back to the Finance Subcommittee.

The following speaker submitted written comments that were read aloud and would be filed with the agenda packet for this meeting: **Rafael Menis.**

Treasurer Swearingen referenced the investment portfolio, his understanding they could not control fossil fuel investments, and suggested it be left to the City Council to investigate

Mayor Martinez-Rubin asked whether any further study needed to be made that would yield an answer to the question of how best to invest, to which Mr. Murray could not recall a conversation of social policy regarding fossil fuels.
Director Guillory advised the policy was in line with State law and best practices in terms

of the City's resource allocations and how the City invested. Socially responsible investing was a hot topic for jurisdictions and the comments Mr. Menis had provided would fall under the realm of socially responsible investing. More information could be provided to the Finance Subcommittee at its next meeting. Staff was also looking into a consulting firm for investment management with the goal of maximizing returns for the City, with safety the number one priority.

Mr. Murray added as long as the City Council adhered to State law the Council may have a more prescriptive investment policy than was allowed. City staff currently selected the investment instruments that could be modified to meet certain social objectives, and the City Council could direct staff to do that, with an assessment of the current situation needed. CalPERS had also considered this issue and its position was it had a responsibility to its stakeholders/retirees to get the maximum return, which could be a consideration for Pinole as well. He left it to the City Council to decide whether an assessment of the pros and cons of implementing a Social Investment Policy should be considered, but it could be a special project tasked to staff which would not hold up consideration of the financial policies to make that happen. It could be a special project for staff to pursue subject to Council direction.

Mayor Martinez-Rubin suggested it was premature to make any modifications to the financial policies at this round of review.

Mayor Pro Tem Salimi suggested the priority for Pinole was to maximize its revenues. He suggested this topic be discussed with the entire City Council. He otherwise thanked staff for the Accounts Receivable Policy that had been put into place.

Mayor Martinez-Rubin advised the Finance Subcommittee did not recommend any changes to the financial policies at this time, with this round of all of the budget documents to take into consideration the application of these financial policies, with the Preliminary Proposed Financial Policies to remain as-is.

E. ADJOURNMENT

At 6:25 p.m., Mayor Martinez-Rubin adjourned the meeting to the May 26, 2021 Finance Committee meeting.

Submitted by:

_____

Heather Iopu, CMC
City Clerk

RETURN TO AGENDA

PINOLE FINANCE SUBCOMMITTEE
MINUTES
JUNE 3, 2021

A. CALL TO ORDER

Mayor Martinez-Rubin called the meeting to order at 3:07 p.m. The meeting took place via Zoom teleconference and was broadcast from Pinole City Hall Chambers, 2131 Pear Street, Pinole, CA.

Board Members Present:
Mayor Martinez-Rubin
Mayor Pro Tem Salimi
Treasurer Swearingen

Staff Members Present:
City Manager, Andrew Murray
Assistant City Manager, Hector De La Rosa
City Attorney Eric Casher
Finance Director, Markisha Guillory
Senior Project Manager Misha Kaur
City Clerk, Heather Iopu
Fire Chief, Chris Wynkoop

B. PUBLIC COMMENT

There were no speakers.

C. CONSENT ITEMS

There were no Consent Items.

D. BUSINESS ITEMS

1. Revised Proposed FY 2021/22 Five-Year Capital Improvement Plan (CIP) **[Review and Provide Direction (Kaur)]**

Senior Project Manager Misha Kaur presented a PowerPoint presentation of the Revised Proposed FY 2021/22 Five-Year Capital Improvement Plan (CIP) previously presented to the Finance Subcommittee on May 12, 2021 and to the Planning Commission on May 24 to ensure consistency with the General Plan with the document having been revised to incorporate recommendations received at each of the meetings.

Treasurer Swearingen asked of the status of the Eucalyptus Tree Plan in Old Town between John Street and Pinole Valley Road and commented while some of the trees had been cut down and an arborist and soils reports identified the trees to be removed or preserved, homeowners along the street remained unhappy and were of the opinion trees were still in danger. He asked whether there were plans to remove more trees, and City Manager Andrew Murray reported the project had been a Council Request for a Future Agenda Item to be discussed as part of the CIP. He was unaware the City made a commitment for additional thinning of the trees.

Treasurer Swearingen recalled there had been concern whether the trees were on City-owned or homeowner's property with the City to address the situation regardless of whose property the trees were located.

Ms. Kaur stated the project had not come to her attention, she was unaware of the soils report, but understood the project had been discussed by staff. Mr. Murray suggested more research be done and the staff report could include additional research and background information on the project before the CIP was presented to the City Council. Additional input could be requested from Fire Chief Wynkoop. If the trees were located on public land they would be addressed as part of regular wildland maintenance activities.

Mayor Martinez-Rubin acknowledged residents' concerns with the tree grove, the fact the work was partially done, and there had been issues of safety.

Treasurer Swearingen understood the property was not desirable for development and some of the trees may be endangered and another arborist report may be warranted. He also referenced the Roadway Management Program and Funding project, noted the project was not near completion, and had not been funded although funding was available through 2021 or 2022. He asked staff to clarify the funding source. As to the Faria House Funding project, he hoped the City Council would prioritize the project, the building had been donated to the City from the Faria family, and it needed to be restored soon since the longer they waited it could cost more to refurbish. He asked the City Council to consider the project as an upcoming project to be revisited and funds set aside to refurbish the building and so that at the very least it could be resalable.

Mayor Martinez-Rubin clarified the Faria House had not been donated by the Faria family but purchased by the City of Pinole which should be reflected in the Final CIP.

Treasurer Swearingen referenced the Emergency Power for Critical City Facilities project, he suggested it was critical due to potential fire danger. He suggested the project be funded, staff investigate the cost of a generator, and the project prioritized at the top of the list. He also commented on the use of Rule 20A funds, which had been identified in the CIP. He asked whether the City would receive funds from the Metropolitan Transportation Commission (MTC) for future projects.

Ms. Kaur identified two projects that had been programmed to receive One Bay Area Grant Program (OBAG) 2 funds and the City had been recommended for Transportation Development Act (TDA) funds which were also funneled through MTC for the installation of a High-Intensity Activated Crosswalk Beacon (HAWK) at Appian Way and Marlesta Road.

Treasurer Swearingen referenced city street improvements and encouraged better reporting to residents when streets were planned for any improvements, and Ms. Kaur advised that the Pavement Maintenance and Rehabilitation Program had been described in the CIP with a fix-it-first approach. Once the streets were selected for repair and a bid package was prepared, it would be posted on the City's website to inform the public which city streets were scheduled for improvements. The City received a grant from the MTC for a consultant to visually inspect all street sections to be compared to the next round of the budget options report and which dictated the specific streets for repair.

Mr. Murray suggested more thought could be given on what information was provided to the public on when or which City streets would be repaved subject to available revenue resources.

Ms. Kaur suggested the resolutions for Senate Bill (SB) 1 funds could also be added to the CIP once approved by the City Council.

Treasurer Swearingen asked whether the Senior Center Auxiliary Parking Lot project had been funded for FY 2022/23 or was the project unfunded, to which Ms. Kaur advised the project had been funded through Measure S.

Treasurer Swearingen also spoke to the lack of landscaping around City Hall and suggested funds be added to the budget to allow planting in the existing pots in addition to the repainting of City Hall to better improve the appearance of the building to the public. As to the Status of Fields and Recreation Facilities project, specifically the Pinole Valley Soccer Field, he suggested it be considered for other options such as a picnic area or running and walking track around the outside of the field. He suggested the use of the field be revisited rather than spending more money on grass and maintenance.

As to Unfunded Projects, Treasurer Swearingen reiterated the Faria House Funding project needed to move forward; as to the Railroad Bridge Removal and Replacement, project he asked for more details since he understood it was going to be opened up for vehicular traffic and was informed by Ms. Kaur the Flood Control District had asked the City to remove the bridge, although staff was unsure the City was the agency responsible for its removal and more research was needed.

Treasurer Swearingen otherwise asked that $30,000 be budgeted for the Car Show activities in the future and that the City Council consider the request for next year's budget since he understood the operators were leaning towards moving the event to the City of Hercules.

Mr. Murray suggested that issue could be discussed as part of agenda Item D2.

Mayor Pro Tem Salimi referenced the City of Pinole, FY 2021/22 Through FY 2025-26, Five-Year CIP Funded Summary Table, and clarified with staff the figures shown, and suggested the information could be better explained. He also clarified with staff the total amount of unfunded and unprogrammed projects, some of which had included cost estimates and Ms. Kaur suggested the total cost for unfunded projects may be roughly in the range of $45 million since the Roadway Management Program and Funding project itself was in the $42 million range.

Mr. Murray explained that pursuant to Pavement Condition Index (PCI) standards it would cost the City around $45 million to bring all City roads to a good condition. Funding, timing, and revenue sources were more complicated, and possibly a new revenue source may have to be considered. The same issue had been raised by the City Council as a Council Request for a Future Agenda Item in terms of where were the needs, how will the City come up with the money, and which question could not be answered at this time until they complete the strategic planning process through a complete condition assessment of all City assets prior to any planning. Once they had that number, strategizing would be required through the exploration of long term financial planning options.

Mayor Pro Tem Salimi also clarified with Ms. Kaur Measure S 2014 had historically provided $250,000 into Fund 325, City Street Improvements, and an additional $250,000 into Fund 377, Arterial Streets Rehabilitation, with some of the monies in those funds directly from Measure S.

Mr. Murray provided additional details on the Five-Year Expenditure Plan for Measure S 2014 and Director Guillory provided further clarification on this topic, with a Measure S Funds table showing the funds schedule of transfers and capital projects as shown on Page 159 of the agenda packet. The Budget Summaries Tables as shown on Pages 17 through 24 of the budget document for Fiscal Year (FY) 2021/22 Operating and Capital Budget were also summarized and discussed at length.

Mayor Pro Tem Salimi asked whether additional funding could be allocated for FY 2023 through 2026 that may help fill the gap for unfunded projects but Mayor Martinez-Rubin suggested that had been taken into account already and required comparison between one document to another. She understood there was software to identify specifics in finance data which software the City does not currently have and that may have to be considered in terms of Information Technology (IT) improvements.

Mayor Pro Tem Salimi suggested the City of Pinole, FY 2021/22 Through FY 2025-26, Five-Year CIP Funded Summary Table could be modified with the information for Measure S 2014 to add the years from 2023 to 2026 with gas tax funds identified in the hope that the unfunded project amount would be ultimately reduced, although Mr. Murray clarified the number would not necessarily be reduced due to deferring projects each year, investment in roads etc. but the table could be modified and filled out with a forecast of future revenues and expenditures.

If City invested $500,000 per year in roads, in four years, the unfunded amount would be greater than it was currently even in current dollars since the City was underinvesting.

Mayor Pro Tem Salimi asked that a cul-de-sac for Brandt Court and a Bike Master Plan be added to the CIP

Mr. Murray clarified the CIP was a five-year planning document, does not commit the City to anything, and the City Council may identify the completion of the Brandt Court cul-de-sac as an unfunded project. While there may be questions on feasibility and the ability of the City to undertake the project it could be listed on the CIP where it would formally receive an appropriation as part of the budget. If a year-one project, it would be formally funded under the budget, however, the practicalities of the project would still have to be discussed by the City Council.

Mayor Martinez-Rubin suggested more than the monetary costs should be associated with any discussion surrounding the Brandt Court cul-de-sac.

Mr. Murray also clarified the status of the unfunded Active Transportation Plan which would cover bicycles, pedestrians and a Bike Master Plan. He otherwise provided an update on the receipt of funds from the American Rescue Plan Act (ARPA) with additional funding anticipated through a federal infrastructure bill. For the purposes of the CIP, he asked that specific decisions be made on the funding and timing for specific projects, and the Finance Subcommittee was asked to decide if a project was not included in the CIP, determine where the money would come from such as from the General Fund unassigned fund balance unless funding could be reduced from one CIP project to fund another CIP project.

Treasurer Swearingen understood if the City's budget was approved by the City Council at its next meeting there would be funding to continue the roadwork improvements and he was satisfied with that progress. He again asked that funds be allocated to budget Car Show activities and was informed that would be part of the next agenda item. He also again suggested Emergency Power for Critical Care Facilities should be included in the CIP as a funded project and the costs investigated for including City Hall, the Senior Center and possibly the Youth Center.

Mr. Murray reported a consultant was in the process of updating the City's Emergency Operations Plan, one of the Strategic Plan strategies, with an analysis of the City's emergency power needs and energy conservation assessment of key facilities. Staff was unable to provide a recommendation or cost figure for that project at this time pending the completion of the consultant's analysis, but City Hall does have sufficient power for public safety in the event of an emergency.

Treasurer Swearingen suggested the project warranted urgent attention, the City should be making headway on emergency generators and the project should be shovel-ready when funds become available.

Mayor Martinez-Rubin found there was a gap between the consultant's work to update the City's Emergency Operations Plan and funding needs to address the City's Emergency Power for Critical Care Facilities.

Mr. Murray acknowledged the gap had not been well defined and an assessment was needed to define the gap and the costs. He also acknowledged there had been power outages at the City Hall facility due to a number of reasons, none of which would fall under the unfunded item, which was more about resiliency and redundant power supplies. The City Hall facility does have emergency power through a diesel generator and was fully operational in the event of an emergency. The City Council may earmark funding and identify a source of funding that could be used based on what was eventually learned from the consultant's assessment.

Mayor Martinez-Rubin suggested it made more sense to have some specific projects identified that would fulfill what the Emergency Power for Critical Care Facilities project meant today. Based on the discussion, the Finance Subcommittee would not make a recommendation to the City Council on this matter, and if the item comes up for discussion at the City Council level staff could provide specific information.

As to the Faria House Funding project the Finance Subcommittee (with the exception of Mayor Pro Tem Salimi who recused himself from the discussion of this project due to a potential conflict of interest) agreed funding be identified for the project. There was understanding that one-time source funding had been available given the sale of the Pinole Assisted Living Facility which funds had gone to the General Fund and could be used towards the renovation, with the funding amount to be determined by the City Council. As to the City Hall repainting project there was a recommendation to enhance the planting around City Hall via the existing pots which were absent any flowers, with the Pinole Garden Club having expressed interest in planting with the assistance of a small fund, and staff again noted this item would be part of the discussion for Item D2.

Regarding the recommendation for a different use of the Pinole Valley Park soccer field, as proposed by Treasurer Swearingen, Mr. Murray suggested the recommendation would be better considered as part of the Park Master Plan discussion of amenities.

Mayor Martinez-Rubin encouraged staff to coordinate the timing of the Park Master Plan with any improvements to the soccer field.

Mr. Murray identified the Pinole Valley Park Soccer Field Rehabilitation project and the Finance Subcommittee recommendation to delay any improvements to South Soccer Field #2, as they go through the Park Master Plan process. He also acknowledged concern for adequate funding for future years maintenance to ensure the park remained in good condition. He suggested the addition of two maintenance positions that had been included in the budget should avoid poor maintenance in the future.

Treasurer Swearingen reiterated his recommendation to include $30,000 for the Car Show in the budget. He advised he had to leave the meeting and if he had any additional questions he would pose them at the City Council meeting. He left the Zoom meeting at this time.

Treasurer Swearingen was thanked for his input.

Mr. Murray summarized the comments of the Finance Subcommittee and consensus including delay of the South Soccer Field #2 rehabilitation to be noted in the CIP; clarification the Bike Master Plan was part of the Active Transportation Plan and included on the unfunded list with a recommendation the Active Transportation Plan be funded with staff identifying potential funding sources and with no cost estimates available at this time; and consensus to revise the CIP to add the project as funded and take $75,000 from the unassigned General Fund Balance to fund the project (with staff to provide additional information when the project goes before the City Council).

The Brandt Court cul-de-sac to be on the unfunded list (Mayor Pro Tem Salimi disagreed) but given the lack of unanimity the project was not included in the CIP with additional discussion available on this topic at the upcoming City Council meeting.

Mr. Murray added given that Mayor Pro Tem Salimi must recuse himself there was no unanimity for a recommendation for the Faria House Funding project and the project would not be added to the CIP funded list at this time but there would be an opportunity to discuss that item at the City Council meeting.

As to the recommendation for additional funds for landscaping at City Hall, as Treasurer Swearingen had recommended, Mr. Murray suggested that request and the request for funds for the Car Show be discussed as part of Item D2.

2. Revised Proposed FY 2021/22 Operating and Capital Improvement Budget **[Review and Provide Direction (Guillory]**

Director Guillory provided a PowerPoint presentation of the Revised Proposed FY 2021/22 Operating and Capital Improvement Budget. A preliminary version had been presented to the Finance Subcommittee at its last meeting with modifications made to the budget document and the organization itself based on comments received. The Final Proposed Budget would be presented to the City Council on June 15. Clarifying edits would be required to some portions of the document, incorporation of Finance Subcommittee modifications, and distribution to all stakeholders would occur prior to submittal to the City Council.

Following the adoption of the budget, staff would commence work on the Expenditure Plan for the ARPA funds and once a plan was in place a budget amendment would be proposed around September 2021.

Mayor Pro Tem Salimi asked for the addition of a line item for City of Pinole promotional events to include all types of activities using the General Fund balance, for activities such as fireworks display and car shows that could be considered on a yearly basis, dedicated to any type of group that wanted to promote business and advocate for the City of Pinole. He suggested the funds could also be used by the Recreation Department for any events on behalf of the City with the funds possibly in the amount $100,000.

Mr. Murray confirmed that City support for the Car Show and fireworks had been discussed by the City Council and had been assigned General Fund funds which could be appropriated for special events. The reorganization of the organizational chart of the City would go into effect in the next fiscal year. The Community Services Department would handle recreation and other public facing functions. The City had not had a single home or point of contact that was responsible for interfacing with private event sponsors which was needed, nor does the City have a formal economic development function, both which would be formalized in the new organizational structure. City staff would have to come before the City Council for the approval of policies, procedures, and identification of City events the City may provide funding. It would be a benefit to the community to set aside some funding at this time with a future discussion on how that funding would be expended.

Mr. Murray also referenced Treasurer Swearingen's recommendation for enhanced City Hall landscaping, funding for the Car Show and broader city support for community events, as current recommended modifications to the budget.

Mayor Martinez-Rubin would like to see a list of events historically supported by the City with assistance by City staff and the associated costs, such as the Veteran's Day event which had largely been organized by the Pinole Historical Society with assistance from other groups included televising by Pinole TV and use of the park. There were other non-budgeted events that had been a benefit to the community that needed to be discussed further by the City Council. She asked if the $100,000 in funds the Mayor Pro Tem had recommended would include the cost for the fireworks display and the Car Show. She suggested additional funds may be necessary or absorbing funds currently in the Community Events funds. She recognized the City would contribute via staff time and suggested there were means to support such events that do not involve public funds. While she supported more funding for community events, she was uncertain which events should be allocated funds which should be discussed further by the City Council.

Mayor Pro Tem Salimi was uncertain of the correct number of funds that should be identified for community events and agreed more discussion was needed. As to the Car Show, he asked staff whether or not something could be organized for this year and Mr. Murray advised the Finance Subcommittee could not make that budget decision, it was up to the City Council but there was still time for the event to be held this year. The Finance Subcommittee may direct staff to include funding in the proposed budget for the Car Show as a separate item. He clarified City Council direction related to the fireworks display.

The City Council had not decided to provide funding in the amount of $40,000 in the budget, but directed staff to come back with a plan for how they could have a firework display in July 2022 at a cost of no more than $40,000. That item should be removed from the budget unless the Finance Subcommittee decided to take other action. Staff would be happy to add what they had estimated would be $30,000 of City costs to support the Car Show.

At this time the Finance Subcommittee directed staff to modify the budget with $20,000 for City Hall landscaping. Mayor Martinez-Rubin supported $15,000 for the Car Show but wanted the City Council to ultimately decide the rest and Mayor Pro Tem Salimi supported the Car Show but was uncertain of the actual cost and supported the $30,000 estimate provided by staff while agreeing it should be discussed further by the City Council.

Mr. Murray detailed the work involved to support the Car Show. He did not believe that $30,000 in additional funding would be required to support the event but the City Council must made the affirmative decision it had the resources to make this investment. If $15,000 was budgeted and the City Council would like to see staff make this work that would be adequate for staff to proceed. If the Finance Subcommittee recommended and the City Council approved $15,000 it provided staff with direction to provide the necessary support and that was all the authorization that staff needed to provide the necessary staffing both out of the $15,000 and the existing budget. If the City Council agreed to $15,000 that was all staff needed to support the event.

There was Finance Subcommittee consensus to add $15,000 in the budget for the Car Show.

As to earmarking funds for other City/community events, other than the Car Show, Mayor Martinez-Rubin and Mayor Pro Tem Salimi supported a line item for Other City Events or City Events in the amount of $100,000 from the unassigned fund balance.

Mayor Pro Tem Salimi also asked City staff to provide a list of staffing levels from 2008 during the Great Recession to allow a comparison to where they were today and to provide information on the costs to keep City Hall Offices open Monday through Friday after the end of the COVID-19 pandemic. He would like to see what benefits there would be to the City, and Mr. Murray advised he would have to research what led to the current hours of operation which was an operational not a budget question.

Director Guillory confirmed there was data available on the staffing levels that could be provided to the City Council at its next meeting.

Mayor Pro Tem Salimi also asked about the status of code enforcement which he understood was not operational on weekends and holidays and responding to public complaints, sought additional funding to allow code enforcement to occur during weekends and holidays.

Mr. Murray advised the current Code Enforcement Officer worked Monday through Friday. Code Enforcement does not address abandoned vehicles or refuse and litter in a public area which was a maintenance issue. He acknowledged the need to do a better job to address the public's perception there was more litter and abandoned vehicles on weekends than weekdays and they needed to understand more of the dynamics of that issue and how to address it before assuming more code enforcement staff was the solution. A presentation would be made to the City Council in July on the City's Code Enforcement Program and that issue could be discussed further at that time.

Mayor Pro Tem Salimi asked whether or not a line item could be dedicated for staff to advocate for the City of Pinole for services required as part of Measure X and to allow adequate staff to work on those items.

Mayor Martinez-Rubin asked staff to opine since she understood the City Council was not to advocate for City staff or lobby on issues and Mr. Murray commented that using public resources to advocate for a position on a voter measure was not permitted although Mayor Pro Tem Salimi clarified he was requesting advocacy on funding to the City of Pinole to be used for fire services.

Mr. Murray explained that was already within the normal responsibilities of City staff and was also a shared responsibility with elected officials. The allocation of Measure X resources would be made by the Contra Costa County Board of Supervisors. Fire Chief Wynkoop had advocated for the Pinole community in that venue for that specific need and it was more a question of allocation of staff time than additional resources. He added one of the Strategic Plan strategies was to add intergovernmental relations functions the City currently does not have and which would be discussed in the future. Some jurisdictions had lobbyists and while he was not suggesting Pinole hire a lobbyist, he reiterated that Fire Chief Wynkoop had invested time on Measure X and the fire services model which continued to be a priority.

Fire Chief Wynkoop confirmed the City Manager's assessment of the situation.

Mayor Pro Tem Salimi asked staff to advise when a private lobbyist should be considered so that funding could be identified.

Mayor Martinez-Rubin referenced Page 72 of the budget where the Excel spreadsheet had been converted to the PDF format and had missed some information. She otherwise asked whether weed abatement would include the use of goats, and Fire Chief Wynkoop reported the contractor found it cumbersome due to the number of small divisions needed to be abated as opposed to large acreage for the goats to abate those areas which would be addressed via normal weed abatement methods. He described the most robust weed abatement in the City to date would be conducted albeit not with goats at this time.

Mayor Martinez-Rubin asked whether the weed abatement would also include defensible space and Fire Chief Wynkoop advised that they would be working in concert with the Public Works Department and with the Fire Department's work to enhance those efforts

particularly in those areas they may not typically do but which posed imminent fire threats. Creek maintenance was the responsibility of the East Bay Municipal Utility District (EBMUD) although given the imminent threat, the Fire Department would take care of those areas as well.

Mayor Martinez-Rubin referenced Page 88 of the budget document, and the FY 2021/22 Key Priorities and Projects, Develop a plan to address the deteriorating “snack shack” at Fernandez Park, and suggested there could be community volunteers interested in the project which could minimize costs either through labor assistance or donation of materials. Page 112 of the budget, Improvements, Deferred Collection Repairs, she asked whether that would be more suitable for funding via the ARPA funds

Mr. Murray advised that Improvements, Deferred Collection Repairs was already in the budget, with the funding source the Sewer Fund. He confirmed modifications would be made to the budget after decisions by the City Council how the ARPA funds would be expended. Also as part of the mid-year budget review in January 2022, additional modifications may be made after there was a better sense of revenue trends for the year.

Mayor Martinez-Rubin also noted that some information had been truncated from Page 113 of the budget document which needed to be corrected. Also, Page 218 of 271 of the agenda packet included a percentage decrease in the budget as compared to last year for code enforcement which Mr. Murray clarified may be due to pay-out for employees and Director Guillory provided additional clarification.

Mayor Martinez-Rubin spoke to Page 126 of 271 of the agenda packet which included no information on a code enforcement vehicle for the code enforcement officer and asked whether it was fully paid, to which Mr. Murray confirmed a vehicle had been recently purchased for the code enforcement officer and the entry was a phantom entry when the vehicle was purchased in the last fiscal year with that information to be cleaned-up and removed.

Mayor Martinez-Rubin referenced Page 230 of 271, noted again truncated text should be corrected. Page 24 of 271 included a table referencing a Management Analyst with no information for this fiscal year, and Mr. Murray clarified the General Government Department had been used by cities as a clearing house for certain citywide expenses. The Management Analyst was now a part of the City Manager’s Office, budgeted to the General Government Department and which position did not go away but was moved to the City Manager’s Office summary.

Mayor Martinez-Rubin also referenced Page 157 of 271 of the agenda packet and the entry for mural maintenance, under General Government, Professional Services, in the amount of $10,000. She asked if the funds were intended to be used citywide. She would like to see a line item for the maintenance of City murals throughout the City but recognized it would require staff research as to whether the murals were located on City property.

Mr. Murray confirmed staff had conducted research on its public murals in public spaces, and explored the feasibility of refreshing those murals, many of which were painted by individuals no longer in the area or no longer practicing, necessitating a greater discussion. There was some public art funding as part of the Development Agreement (DA) for the Sprouts project, but an item could be added to the budget for a Fiscal Year 2022 Work Plan item in the appropriate department to review the public art fund and murals and provide a recommendation to the City Council.

Mayor Martinez-Rubin also referenced a statement in a recent staff report about not having new developers set aside funding for public artwork. For the time being she would like staff to take a look at both matters as they related to funding for citywide public works of art. Also, she noted the Gateway Project included funding to be set aside for public art but she was uncertain whether the funds were to be used only on the premises or elsewhere in the City.

Assistant City Manager Hector De La Rosa reported that funds for public artwork from the Gateway Project had been provided through the DA for the project and were available for artwork within the development and throughout the community. The funds were in a liability account in the General Fund.

Mr. Murray verified the funds were in a small reserve in the General Fund. He also confirmed that some cities required new developments to provide public art on-site of the development or pay an in-lieu fee. That component had been negotiated as part of the Gateway Project DA. The City of Pinole does not have a Public Art Policy and he did not expect more revenue that would warrant such a policy.

Mayor Martinez-Rubin suggested $10,000 was insufficient for maintenance of public art and suggested it be included in the line item for $80,000 to $90,000 which Mayor Pro Tem Salimi also supported.

Mayor Martinez-Rubin also asked of the status of the recommendations from the Beautification Ad Hoc Committee and Director Guillory identified $40,000 as the recommendation for the Awareness Campaign, $20,000 for the Art Program, $375,000 for the Tree Master Plan, with possible funding through grants and $400,000 for Community Clean-Up Events and the installation of High-Capacity Solar Powered Compacting Trash Bins at the parks.

Mr. Murray suggested if the Finance Subcommittee had any small line item edits they should be sent to Director Guillory. The budget document would be reviewed again with clarifying comments, clean-up and formatting edits done prior to City Council presentation. He also provided an overview of the recommendations from the Beautification Ad Hoc Committee and clarified the clean-up, awareness and art recommendations appeared to be a collective $60,000 estimate and those items were not included in the operating budget. If the Finance Subcommittee wanted to see those items funded they could be added.

Director Guillory again highlighted the recommendations from the Beautification Ad Hoc Committee and Mr. Murray understood the Mayor's recommendation was to include the $60,000 that was estimated for clean-up, awareness, and the art program to be added to the Operating Budget if it was not already there and to include the header as described in the recommendations from the Beautification Ad Hoc Committee. He also clarified the SMART solar trash bins had been included in the CIP on the unfunded project list with a source of funding not identified.

Mayor Pro Tem Salimi asked that the SMART solar trash bins be funded and Mayor Martinez-Rubin suggested that be discussed further with the City Council on June 15.

Mr. Murray clarified there was consensus from the Finance Subcommittee to add $60,000 to the budget for clean-up, education awareness, and art with the knowledge it was an estimate at this time.

Mayor Martinez-Rubin also noted the code enforcement officer entry and decrease in benefits needed to be clarified by staff before the item goes before the City Council.

The following speaker submitted written comments that were read aloud and would be filed with the agenda packet for this meeting: **Rafael Menis.**

Director Guillory suggested the changes offered through public comment would be good changes to be made to the next iteration of the budget document and Mr. Murray added changes would be incorporated to the budget to the extent feasible.

The Finance Subcommittee thanked staff for their hard work.

E. ADJOURNMENT

At 6:21 p.m., Mayor Martinez-Rubin adjourned the meeting to the next Finance Subcommittee meeting.

Submitted by:

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Heather Iopu, City Clerk

APPROVED BY FINANCE SUBCOMMITTEE:

RETURN TO AGENDA

FINANCE SUBCOMMITTEE REPORT

D1

DATE: **AUGUST 10, 2021**

TO: **FINANCE SUBCOMMITTEE MEMBERS**

FROM: **MARKISHA GUILLORY, FINANCE DIRECTOR**

SUBJECT: **AMERICAN RESCUE PLAN ACT (ARPA) FUNDS AND ADDITIONAL FISCAL YEAR 2021/22 APPROPRIATIONS PROCESS**

RECOMMENDATION

City staff recommends that the Finance Subcommittee discuss and provide recommendations on the appropriations process for the American Rescue Plan Act (ARPA) funds allocated to the City of Pinole, and for additional Fiscal Year (FY) 2021/22 appropriations.

BACKGROUND

The American Rescue Plan Act (ARPA) of 2021, signed into law on March 11, 2021, is a $1.9 trillion economic stimulus package enacted in response to the COVID-19 pandemic. The ARPA includes the Coronavirus State and Local Fiscal Recovery Funds program, which provides $350 billion in emergency funding for eligible state, local, territorial, and tribal governments to mitigate the fiscal and public health impacts of the COVID-19 pandemic on communities, individuals, and businesses. The funds are allotted as follows:

- States - $195.3 billion;
- Counties - $65.1 billion;
- Metropolitan Cities - $45.6 billion;
- Tribal Governments - $20.0 billion;
- Territories - $4.5 billion; and
- Non-Entitlement Units of Local Government - $19.5 billion.

The City of Pinole's allocation was determined to be $4,605,010 based on a formula that considered several factors, including population. According to the guidelines established by the U.S. Department of the Treasury, governments will receive their allocations in two installments in equal amounts, one year apart. Pinole received its first installment of $2,302,505 in July 2021. The second installment is expected to be received one year later in July 2022.

Additionally, the City Council adopted a number of additional appropriations that were added to the FY 2021/22 budget. The Council elected to fund these appropriations using General Fund and Measure S fund balances. In an effort to address other operating and capital needs using said sources of funds, the appropriations process will include additional FY 2021/22 appropriations.

City staff recommends that the Finance Subcommittee discuss and provide recommendations on the appropriations process to allocate Pinole's portion of the ARPA funds and additional FY 2021/22 appropriations. The goal is to develop an appropriation process and expenditure plan that align with ARPA rules for allowable uses of the funds, and include community input, staff input, and City Council direction. Additionally, the goal is for the appropriation process to guide additional appropriations that will be added to the FY 2021/22 budget using General Fund and Measure S fund balances.

REVIEW AND ANALYSIS

American Rescue Plan Act

The following is an overview of the guidelines established by the U.S. Department of the Treasury for allowable uses of the American Rescue Plan Act (ARPA) funds. The City should adhere to these guidelines as it develops the appropriation process and, ultimately, the ARPA expenditure plan.

The ARPA includes the Coronavirus State and Local Fiscal Recovery Funds program, which provides $350 billion in emergency funding for eligible state, local, territorial, and tribal governments to mitigate the fiscal and public health impacts of the COVID-19 pandemic on communities, individuals, and businesses.

The U.S. Department of Treasury established the following primary categories of eligible uses of ARPA funds:

- **Public Health:** Support public health efforts to mitigate and prevent the spread of COVID-19;
- **Negative Economic Impacts:** Address negative economic impacts, including providing assistance to households, small businesses, impacted industries, and economic recovery;
- **Premium Pay:** Provide premium pay for essential workers;
- **Infrastructure:** Invest in water, sewer, and broadband infrastructure; and
- **Revenue Replacement:** Replace revenue lost in the public sector, using the funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic.

Ineligible uses of ARPA funds include:

- Directly or indirectly use to offset tax reductions or delay a new tax or tax increase; and
- Deposit of funds into a pension fund.

Other factors to consider related to use of the ARPA funds:

- The funds are a one-time source of funds, and should be applied primarily to non-recurring expenditures;
- Avoid creating new programs or expansion of existing programs that require an on-going financial commitment that cannot be sustained after ARPA funds are exhausted; and
- Seek opportunities to make investments in critical infrastructure that provide benefits to the community over the long-term.

All ARPA funds must be used for costs incurred during the period of performance that began on March 3, 2021. The funds must be obligated by the City Council by December 31, 2024, and expended by December 31, 2026. Any unused portion of the funds must be returned to the U.S. Department of the Treasury.

Additional FY 2021/22 Appropriations

The City Council added a number of appropriations to the FY 2021/22 budget beyond what was contained in the Revised Final Proposed Fiscal Year (FY) 2021/22 Operating and Capital Budget. The Council elected to fund these appropriations using General Fund and Measure S fund balances, as follows:

	General Fund	Measure S 2006	Measure S 2014	Total
Estimated Fund Balance, July 1	$6,409,284	$1,988,935	$4,327,864	$12,726,083
Revised Final Proposed FY 2021/22 Budget:				
Revenue Total	17,290,542	2,163,746	2,173,000	
Expenditure Total	19,366,711	2,528,352	3,552,871	
Net Operating Results	(2,076,169)	(364,606)	(1,379,871)	
Estimated Fund Balance, June 30	**4,333,115**	**1,624,329**	**2,947,993**	**8,905,437**
Capital Improvement Plan (CIP) Projects Moved to FY 2021/22:				
Emergency Power for Critical Facilities	200,000			
Municipal Broadband			60,000	
Recycled Water Master Planning	200,000			
Total CIP Projects Moved to FY 2021/22	**400,000**	**-**	**60,000**	**460,000**
6/29/21 City Council Additions:				
Total compensation benchmarking study for management and confidential employees	20,000			
Economic development	80,000			
Weatherization/energy efficiency program	250,000			
Defund Faria House renovations	(500,000)			
Two Community Safety Officers from part time to full time			100,000	
On-call consultants for capital projects			150,000	
Revitalization Reserve			10,000	
Business Development/Community Help Reserve			10,000	
Total 6/29/21 City Council Additions	**(150,000)**	**-**	**270,000**	**120,000**
Adopted FY 2021/22 Operating and Capital Budget :				
Revenue Total	17,290,542	2,163,746	2,173,000	
Expenditure Total	19,616,711	2,528,352	3,882,871	
Net Operating Results	(2,326,169)	(364,606)	(1,709,871)	**(4,400,646)**
Revised Estimated Fund Balance, June 30	**$4,083,115**	**$1,624,329**	**$2,617,993**	**$8,325,437**

The City Council expressed the desire to soon consider other additional appropriations for FY 2021/2.

Development of Appropriations Process

With the above in mind, staff recommends that the Finance Subcommittee discuss and provide recommendations on the appropriation process for the ARPA funds and the additional FY 2021/22 appropriations. The goal of this process is to provide a framework for establishing an expenditure plan to allocate the ARPA funds and to allocate General Fund and Measure S fund balances for additional appropriations. Staff recommends that the Finance Subcommittee considers the following in developing the process:

- Establish guiding principles to set the parameters within which the expenditure plan will be developed and implemented;
- Provide opportunities for community input through public meetings (Finance Subcommittee and City Council), special budget workshops, and interactive online tools/surveys;

- Use analytics gathered from community responses to inform decision-making around priorities;
- Incorporate staff input, including estimated costs, timeline, and bandwidth necessary to complete additional projects; and
- Explore opportunities to advance strategic plan strategies that may be allowable uses of ARPA funds.

Staff recommends holding two 3-hour budget workshops (9:30 am – 12:30 pm), tentatively scheduled for September 11, 2021, and September 25, 2021. The goal of the workshops is to facilitate collaboration amongst the community, staff, and Council on the appropriations process.

During the first session, staff proposes that the agenda include the following:

- Presentation of FY 2021/22 General Fund and Measure S budget balances;
- Presentation of ARPA guidelines and allowable uses of funds;
- Presentation of data gathered from interactive online tools;
- Discussion of potential appropriations of ARPA funds; and
- Discussion of potential additional appropriations of General Fund and Measure S balances.

During the second session, staff proposes that the agenda include the following:

- Council decision on appropriations of ARPA funds; and
- Council decision on additional appropriations of General Fund and Measure S balances.

Staff proposes that the Finance Subcommittee explore the option of having an outside facilitator lead the budget workshops. This could help streamline the process, provide an outside perspective, and enhance community engagement. Staff also proposes using software, such as Balancing Act, possibly in real-time during the workshops, to get community input.

A notable observation is that some of Pinole's peer agencies are using similar processes to allocate ARPA funds, including using consultants and technologies for community input. Also, one recurring theme is that agencies did not include appropriation of ARPA funds in the regular budget development process. Rather, they elected to address it under a separate process.

Next Steps

Following the Finance Subcommittee meeting on August 10, 2021, staff intends to present the Finance Subcommittee's recommendations on the ARPA and additional

General Fund and Measure S appropriation process to the City Council at its meeting on August 17, 2021, for City Council's discussion and direction.

FISCAL IMPACT

The Finance Subcommittee's discussion and recommendation of an appropriation process for the ARPA funds and additional FY 2021/22 appropriations does not itself have any fiscal impact on the City. Once the City Council decides on ARPA appropriations, FY 2021/22 Operating Budget will be amended to incorporate approved expenditures to be funded by the $2,302,505 of ARPA funds received. The second installment of $2,302,505 will be allocated in the FY 2022/23 Operating Budget. Also, the FY 2021/22 budget will also be amended to include any additional General Fund appropriations approved by the City Council.

ATTACHMENTS

A – Quick Reference Guide – U.S. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds

U.S. DEPARTMENT OF THE TREASURY

Coronavirus State and Local Fiscal Recovery Funds

The American Rescue Plan will deliver $350 billion for state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

Funding Objectives

- **Support urgent COVID-19 response efforts** to continue to decrease spread of the virus and bring the pandemic under control
- **Replace lost public sector revenue** to strengthen support for vital public services and help retain jobs
- **Support immediate economic stabilization** for households and businesses
- **Address systemic public health and economic challenges** that have contributed to the inequal impact of the pandemic

Eligible Jurisdictions & Allocations

Direct Recipients

- States and District of Columbia ($195.3 billion)
- Counties ($65.1 billion)
- Metropolitan cities ($45.6 billion)
- Tribal governments ($20.0 billion)
- Territories ($4.5 billion)

Indirect Recipients

- Non-entitlement units ($19.5 billion)

Support Public Health Response
Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff

Address Negative Economic Impacts
Respond to economic harms to workers, families, small businesses, impacted industries, and the public sector

Replace Public Sector Revenue Loss
Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic

Premium Pay for Essential Workers
Offer additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors

Water and Sewer Infrastructure
Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure

Broadband Infrastructure
Make necessary investments to provide unserved or underserved locations with new or expanded broadband access

For More Information: Please visit www.treasury.gov/SLFRP
For Media Inquiries: Please contact the U.S. Treasury Press Office at (202) 622-2960
For General Inquiries: Please email SLFRP@treasury.gov for additional information

U.S. DEPARTMENT OF THE TREASURY

Example Uses of Funds

Support Public Health Response

- **Services to contain and mitigate the spread of COVID-19,** including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and many related activities
- **Behavioral healthcare services**, including mental health or substance misuse treatment, crisis intervention, and related services
- **Payroll and covered benefits** for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response

Address Negative Economic Impacts

- **Deliver assistance to workers and families**, including support for unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims
- **Support small businesses** with loans, grants, in-kind assistance, and counseling programs
- **Speed the recovery of impacted industries**, including the tourism, travel, and hospitality sectors
- **Rebuild public sector capacity** by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs

Replace Public Sector Revenue Loss

- **Ensure continuity of vital government services** by filling budget shortfalls
- **Revenue loss is calculated** relative to the expected trend, beginning with the last full fiscal year pre-pandemic and adjusted annually for growth
- **Recipients may re-calculate revenue loss** at multiple points during the program, supporting those entities that experience revenue loss with a lag

Premium Pay for Essential Workers

- **Provide premium pay to essential workers**, both directly and through grants to third-party employers
- **Prioritize low- and moderate-income workers**, who face the greatest mismatch between employment-related health risks and compensation
- **Key sectors include** healthcare, grocery and food services, education, childcare, sanitation, and transit
- **Must be fully additive** to a worker's wages

Water & Sewer Infrastructure

- **Includes improvements to infrastructure**, such as building or upgrading facilities and transmission, distribution, and storage systems
- **Eligible uses aligned to Environmental Protection Agency project categories** for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund

Broadband Infrastructure

- **Focus on households and businesses** without access to broadband and those with connections that do not provide minimally acceptable speeds
- **Fund projects that deliver reliable service** with minimum 100 Mbps download / 100 Mbps upload speeds unless impracticable
- **Complement broadband investments** made through the Capital Projects Fund

Equity-Focused Services

- **Additional flexibility for the hardest-hit communities and families** to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments
- **Broadly applicable** to Qualified Census Tracts, other disproportionately impacted areas, and when provided by Tribal governments

Ineligible Uses

- **Changes that reduce net tax revenue** must not be offset with American Rescue Plan funds
- **Extraordinary payments into a pension fund** are a prohibited use of this funding
- **Other restrictions apply** to eligible uses

The examples listed in this document are non-exhaustive, do not describe all terms and conditions associated with the use of this funding, and do not describe all the restrictions on use that may apply. The U.S. Department of the Treasury provides this document, the State and Local contact channels, and other resources for informational purposes. Although efforts have been made to ensure the accuracy of the information provided, the information is subject to change or correction. Any Coronavirus State and Local Fiscal Recovery Funds received will be subject to the terms and conditions of the agreement entered into by Treasury and the respective jurisdiction, which shall incorporate the provisions of the Interim Final Rule and/or Final Rule that implements this program.