

ADMINISTRATIVE REPORT

DATE: OCTOBER 19, 2018

TO: MAYOR AND CITY COUNCIL

ERIC CASHER, CITY ATTORNEY

FROM: MICHELLE FITZER, CITY MANAGER

PLACES TO BE

Date and Time	Event	Location
Monday, October 22, 2018	Planning Commission	City Council Chamber
7:00 pm	Meeting	2131 Pear Street
Tuesday, November 6, 2018 6:00 pm CANCELED	City Council Meeting	City Council Chamber 2131 Pear Street
Tuesday, November 13, 2018	Special City Council	City Council Chamber
6:00 pm	Meeting	2131 Pear Street

HALLOWEEN FESTIVAL- OCTOBER 20TH

The Recreation Department is excited to invite the community to PYC's Annual Halloween Festival which will be held on October 20th from 11 am – 2 pm. Come and join us for games, prizes, face painting, food, & bouncy house fun. This year we are adding something new and exciting.... a Costume parade and we are asking Pinole businesses to decorate a pumpkin to put on display at the Halloween Festival. For more information call 510-724-9004 or send email to youth@c.pinole.ca.us.

SCHEDULE:

11:00 am - 2:00 pm - Halloween games, face painting, food, bouncy house

12:00 pm - 1:00 pm - Costume parade 1:00 pm - 2:00 pm - Halloween dance

• CRAFT FAIR - NOVEMBER 4, 2018

The Pinole Senior Center will be hosting their annual craft fair on Sunday, November 4th from 10:00 am to 3:00 pm. Join us for this festive event, just in time to decorate homes and start holiday shopping. There will be 50 vendors showcasing unique handmade items. All are

welcome, make it a day of family fun and get your holiday shopping done! For additional information, contact 510-724-9800.

COPS ON THE CORNER: HALLOWEEN EDITION

The Police Department's Community Outreach Unit, along with our Officers and a few superheroes, will be on the corner of San Pablo and Tennent Avenues on Halloween afternoon from 4-6 p.m. Families are invited to come and enjoy candy, arts and crafts, and a costume contest! The Pinole McDonald's will also be there with cheeseburgers and hamburgers. Please see the attached flyer.

ITEMS OF INTEREST

MEASURE C UTILITY USERS TAX INFORMATION

Measure C on the November ballot is for Pinole residents to decide if they would like to renew the existing 8% Utility Users Tax (UUT), without a sunset provision. The UUT has currently been in place since being approved by voters in 1998, and then renewed in 2004 and 2012. At this time the UUT generates \$2 million annually in General Fund revenue – 14% of the General Fund budget – 62% of which is spent on public safety funding. Please see the attached FAQ and information sheets for more details.

At the two most recent Council meetings members of the public have stated that the UUT measure was not discussed and the public had no opportunity to participate. I would like to provide the factual information. The potential of renewing the UUT, without a sunset, was first discussed by the City Council at their *November 7, 2017* meeting. In addition, there was also discussion of the UUT renewal and the authority provided to the City Manager to bring a ballot measure forward for November 2018 during the FY 2017/18 3rd Quarter Financial Report at the *May 15, 2018* Council meeting. The UUT was discussed again on *May 29, 2018* during the budget workshop. Finally, the Council discussed the item twice during their *June 19, 2018* meeting, once under the adoption of the FY 2018/19 budget and again under the item to place the question on the November 2018 ballot. I have attached the staff reports for these items to this report, excluding the May 29th as that was a verbal presentation. These reports can also be found on the City's website under the respective Council agendas.

Should anyone have questions about the UUT renewal, please feel encouraged to contact me directly at (510) 724-8933.

• THANKSGIVING DAY GARBAGE PICKUP –NOVEMBER 22, 2018

We received the below information from Republic Services to share with the community:

Residential Service will run one day behind throughout the holiday week, beginning with services scheduled for the holiday (Thursday).

Business Small Container - Service scheduled on the holiday will be collected one day later. Scheduled customers for the rest of the week anticipate regular service day or one day later.

Large Container (Industrial) - Service scheduled on the holiday will be collected one day later. Scheduled customers for the remainder of the week will receive service as normally scheduled.

Richmond Sanitary's office will be closed and there will be no garbage, green waste or recycling collection on Thursday, November 22, 2018. Garbage, green waste and recycling collection will run one day late Thursday and Friday and Friday's service taking place on Saturday.

• REPUBLIC SERVICES AUDITING RECYCLING BIN MATERIALS

We've heard from several residents that they have been fined by RSS for "dirty" recycling bin materials. RSS has initiated audits of the materials in the recycle bins. Part of the reason for this is the change in what is being accepted by China and others who purchase our recyclables. For further information please contact Bielle Moore at Republic Services at (510) 262-7547.

Please review the attached flyer to avoid placing the wrong items inside the blue bins for recycling.

• NEW LOCATIONS TO SAFELY DISPOSE OF MEDICATIONS

It is very important for the environment not to place your unused medications in your garbage, down the drain, or flushed down the toilet.

There is a drop box securely located in the City of Pinole Police Station. Now there are several other locations available. Kaiser and CVS Pharmacies will accept expired or unwanted medication for proper disposal. For even more locations in the region check the following website.

https://med-project.org/locations/contra-costa/

• <u>CITY HALL CAN NO LONGER SERVE AS A DROP OFF LOCATION FOR USED BATTERIES</u>

City Hall can no longer serve as a drop off location for used batteries. City Hall is not equipped properly to receive and store damaged batteries.



Used batteries can be unsafe to store and should never be placed in the garbage or recycling bins at home. They should be disposed of properly. Here's where you can dispose of your batteries.

Republic Services 101 Pittsburg Ave Richmond, CA 94801

Autozone

1475 Fitzgerald Dr Ste 100 Pinole, CA 94564

O'Reillys 1251 Tara Hills Dr Pinole, CA 94564

Rechargeable Battery and Cell Phone Drop-Off Locator. Find where to recycle used rechargeable batteries from the Call2Recycle website.

Earth911.com. Or call 1-800-CLEANUP (1-800-253-2687), a service of Earth 911, to find the nearest recycling center. Includes information about most recyclable household waste, including household hazardous waste collection centers.

eRecycle.org Recycle your batteries and electronics.

NEW TRASH CAPTURE ORDINANCE

The City's new trash capture ordinance requires property owners to install trash capture devices into all their stormwater inlets prior to January 1, 2019. The City has prepared a guidance document to help property owners comply with the ordinance. The guide is attached to this report. If you need further assistance with compliance, please call Andrew Kennedy of Kennedy and Associates at (925) 451-0228 or via email at ai@kennedyandassociates.org.

OCTOBER IS BREAST CANCER AWARENESS MONTH

Police Officers are wearing pink patches on their uniforms during the month of October to honor breast cancer survivors and the memory of those we have lost to breast cancer. We are also participating in the national Pink Patch Project by selling and trading our pink Officer patches.

You can support breast cancer research by buying a patch for \$10! All proceeds go to the Breast Cancer Research Foundation. For more information or to request a patch please contact Beth, 510-724-8955 or police@ci.pinole.ca.us. You can also pick up a patch at our front desk Monday - Friday from 8am - 5pm. Please see the attached flyer. Thank you!

• SENIOR CENTER – WEEKDAY LUNCHES

The Pinole Senior Center serves lunch daily and is open to the public. The Senior Center serves hot, chef prepared lunches that vary every day. Lunch is open to all ages! An entrée is served with salad, soup, and dessert. You have the option of sandwich and soup only. Call 510-724-9805 to place your "to go" order. Please visit our website for the menu at www.ci.pinole.ca.us/senior/services and click on view menu.

Monday-Thursday at 12 pm; Fri at 11:30 am \$5.50 for a full lunch - \$6.00 for lunch to go

• <u>VOTE-BY-MAIL PROGRAM - DROP-OFF BOX LOCATED AT CITY HALL</u>

Contra Costa residents will find it easier to vote in the upcoming November 6th General Election, as the Contra Costa Elections Office and City Clerks countywide are providing convenient Vote By Mail drop off locations, prior to and on Election Day.

The secure drop-off boxes will be in place at Contra Costa city halls, the county Administration Building in Martinez and some select community centers and libraries, starting the week of October 15 – just days after voters receive their permanent vote-by-mail ballots.

A full list of drop-box locations is available at https://www.cocovote.us/ballot-drop-off/.

The City of Pinole's drop off box is located in City Hall at 2131 Pear Street (2nd floor) and is accessible during normal business hours. Postage is not required with the drop-off box service.

For more information about voting by mail, call 925-335-7800 or visit the Elections Office website at www.cocovote.us

POLL WORKERS NEEDED FOR THE NOVEMBER 6, 2018 ELECTION

The Contra Costa County Elections Division is looking for civic-minded men and women to volunteer as poll workers on Election Day. To find out more about providing this vital service for democracy and to sign up, go to https://www.cocoteam.us/PollWorkerReview.aspx.

Visit the Contra Costa County Elections website https://www.cocovote.us/inspiring-engagement/were-hiring/ for information on a variety of temporary employment opportunities.

• CONTRA COSTA COUNTY ELECTIONS – LAUNCHES AWARENESS CAMPAIGN

The Contra Costa County Elections Division launched an awareness campaign urging all registered voters to "Check your Voter Registration Status" before the upcoming election. The deadline to register is Monday, October 22, 2018. Make sure your voting information is good to go before Election Day.

You can text "CoCoCheck" to 2Vote (28683) or go to the "My Voting Information" on their website, www.cocovote.us to check your status.

• GET INVOLVED! JOIN A CITY BOARD, COMMITTEE OR COMMISSION!

The City is recruiting to fill vacancies on the following boards and commissions! If you are a citizen interested in community service in a variety of disciplines, there are several opportunities available. These vacancies will remain open until filled:

Fowler House Re-Use Committee – (1 position)

The City Council is seeking applicants to participate in this Committee. The Committee will be charged with analyzing options for the reuse of the Fowler Property located at 2548 Charles St., meeting with parties on potential joint use opportunities for the site, and making recommendations to the City Council and, if necessary, the Planning Commission. The Committee is to be comprised of two City Council Members, the Development Services Director/City Engineer, two Senior Center Board members, a member of the Community Services Commission, and a community member.

Applicants may be invited to an interview to discuss their interest in serving on the Committee. All selected members of this Committee will be appointed by a vote of the Council. It is anticipated that the Committee will remain in existence until it presents its final recommendations to the City Council or until the Council dissolves the Committee.

The application is available on the City's website. For more information, you are encouraged to contact the City Clerk's office at 510-724-8928 or email racosta@ci.pinole.ca.us.

Community Services Commission (3 positions - 2-year term):

The Pinole Community Services Commission seeks to enhance quality of life for the citizens of Pinole through responsive and interactive community services. A critical aspect of the Commission is their community advocacy. They provide feedback for a number of organizations and projects.

The Commission also weighed in on issues such as the Skate Park, Swim Center, No Smoking in Parks policy and exploration of the Charter School concept. Commissioners regularly talk to community members and bring ideas back to the Commission and Recreation Department on what our community needs and wants. http://www.ci.pinole.ca.us/play/csc.html

The application is available on the City's website. For more information, you are encouraged to contact the City Clerk's office at 510-724-8928 or email racosta@ci.pinole.ca.us.

Contra Costa Library Commission (1 position - 2-year term as Alternate Delegate):

The Contra Costa County Library Commission was established by the Contra Costa County Board of Supervisors in March 1991. The Commission was created (March 1991) to serve in an advisory capacity to the Board of Supervisors and the County Librarian. The Library Commission is comprised of 24 members:

- 18 members representing the cities/towns in Contra Costa County these Commissioners are appointed by the city/town councils (Richmond does not participate)
- 5 members represent Contra Costa County each member of the Board of Supervisors appoints one Commissioner
- 1 member representing the Central Labor Council.

Currently the Commission meets every other month, on the fourth Thursday evening at 7:00 p.m. at the Library Administration in Martinez http://guides.ccclib.org/Commission.

Contra Costa County Advisory Council on Aging (1 position - 2-year term):

The Contra Costa County Advisory Council on Aging (ACOA) is appointed by the Board of Supervisors to advise them on all matters associated with the planning, development and administration of programs relating to older adults. The ACOA consists of forty (40) members. Fifty percent (50%) of the ACOA must be age 60 and above.

Currently the ACOA meets on the third Wednesday of each month, 9:30 a.m. – 11:30 a.m. at 500 Ellinwood Way, Pleasant Hill in Board Rooms A & B.

Please submit your **Letter of Interest** and/or an application or additional information; please contact Rosa G. Acosta, Pinole City Clerk at racosta@ci.pinole.ca.us or by phone at (510) 724-8928. Candidates must be recommended by action of the City Council to be appointed to the Commission.



Pinole Youth Center (P.Y.C.) HALLOWEEN FESTIVAL



635 Tennent Ave Pinole 510-724-9004 youth@ci.pinole.ca.us



FREE GAMES & PRIZES! Additional fees for food, bouncy house, & face painting.

PREGISTER ONLINE for discount rate \$20/
family of 4 kids or \$6/child for 1 trip to bouncy
house &1 face paint design. Price goes up on
day of event to \$25/family of 4 or \$7/child

COME IN COSTUMES & BRING A TREAT BAG



COME AND SEE ALL THE PUMPKINS DECORATED BY THE LOCAL PINOLE RUSINESSES Time: 11-2PM
Date: Oct 20

Come and join us for games, prizes, face painting, costume parade, food, & bouncy house fun at the City of Pinole annual Halloween Festival SCHEDULE: 11-2pm Halloween games,

face painting,
food, bouncy
house
12-1pm
Costume parade

Costume parade

1-2pm

Halloween dance

ONLINE REGISTRATION: https://pinolerec.recdesk.com/Community/Home click on PROGRAMS, YOUTH CENTER, SPECIAL EVENTS, HALLOWEEN



Pinole Youth Center (P.Y.C.) HALLOWEEN FESTIVAL





THE CITY OF PINOLE WOULD LIKE TO INVITE THE PINOLE BUSINESS OWNERS TO DECORATE A PUMPKIN TO PUT ON DISPLAY AT OUR HALLOWEEN FESTIVAL

ON OCT 20TH. Please keep in mind that there will be children ages 1day to 12 years old at this event when designing your pumpkin. Don't forget to bring your families & join us at this wonderful community event!

ONLINE REGISTRATION to purchase tickets for this event at: https://pinolerec.recdesk.com/ Community/Home

click on PROGRAMS, YOUTH CENTER, SPECIAL **EVENTS, HALLOWEEN**

IMPORTANT DATES:

Fri Oct 19 **Decorated pump**kins due by 5pm -Don't forget to label your pumpkin Sat Oct 20 HALLOWEEN FES-TIVAL SCHEDULE Festival Schedule 11-2PM Halloween games, face painting, bouncy house, food 12-1pm COSTUME PARADE

1-2pm

HALLOWEEN DANCE



Sunday, Nov. 4th 10am-3pm

40 + Vendors,Free Admission Unique Crafts, Cards, Antiques, Jewelry, Bath/Body, and Lots of Great Gifts!

> Pinole Senior Center 2500 Charles Ave Pinole, CA 94564

> For More Information Call 510-724-9800



BRING FRIENDS & FAMILY.

Lineup of Activities:

- Candy
- Arts & Crafts
- Costume Contest

-McDonald's Cheeseburgers and Hamburgers

Special appearances by some of your favorite superheroes!

When: October 31, 2018

Where: On the corner of San Pablo Avenue and Tennent Avenue

Time: 4pm-6pm



Brought to you by The Pinole Police Department's Community Outreach Unit.
In partnership with McDonald's.

Admission is free.

Questions? Call Sandra Trevino 510-914-1202 or email strevino@ci.pinole.ca.us



UTILITY USERS TAX (UUT)

FREQUENTLY ASKED QUESTIONS

WHAT IS PINOLE'S FISCAL SITUATION?

The Bay Area economy has been improving since the Great Recession, during which the Pinole community was very hard hit. However, in recent years, Sacramento lawmakers have raided local City revenues, which continues to have a negative impact on all cities budgets. Now economists are predicting a new economic downturn in 2019 or 2020.

The prior economic downturn led to significant staffing cuts and expense reductions to our community services, including:

- Police and Fire Staffing Reductions
- Near elimination of Code Enforcement Activities
- Closure of Fire Station 74 (Pinole Valley)
- Elimination of Police Multifamily Crime Free Housing Program
- Reduction in the Maintenance of City Roads, Parks, Streetlights, Sidewalks, and Storm Drains.
- Reduction in Recreation Programs

Between fiscal years 2008/09 and 2018/19 the City has implemented budget cuts resulting in reduction of 37 staff positions (25%), closure of Fire Station 74, significant reductions to employee benefit costs, and less service hours at City Hall. We are one of the very few cities in the state with a pension sharing formula —currently Safety employees pay 24.659% and non-Safety employees pay 20.547% of their salaries for their pension.

Despite these actions, Pinole may be facing the loss of \$2 million per year if community funding through our existing, voter-approved Utility Users Tax (UUT) is not renewed.

WHAT IS THE UUT?

The UUT is an <u>existing</u>, <u>Pinole voter-approved</u> tax on certain utility bills. Since 1998, residents of Pinole have paid a UUT on electricity, gas, and telephone. Like many other California cities, Pinole uses this local funding source for community services such as public safety, 9-1-1 services, fire protection, and maintenance of City roads, parks, streetlights, and sidewalks.

HOW MUCH IS THE TAX?

The tax is currently, and would continue to be, 8% of the charges made to the utility user by the service supplier. The average daily tax for all of these utilities for a Pinole household is estimated to be about fifty cents (\$0.50).

IS THIS A NEW TAX?

No. Pinole voters established the UUT in 1998 and extended it in 2004 & 2012. Renewal of the UUT will not generate any new money for the City. It just maintains the existing funding previously approved by voters.

HOW DOES THE UUT CONTRIBUTE TO PINOLE'S CITY BUDGET?

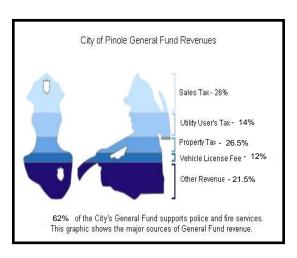
First and foremost, it stays local in Pinole. Every dollar paid by our residents for UUT goes directly to the City of Pinole. Funds generated by this funding source cannot be seized by the State. The UUT generates approximately \$2 million in local funding per year, or approximately 14% of the City's General Fund budget. It is the City's 3rd largest General Fund Revenue source, behind property and sales taxes.

HOW DID PINOLE'S UUT FIRST GET ESTABLISHED?

In November of 1998, the voters of Pinole adopted the UUT to provide locally-controlled funding for community services such as police, fire protection, and the maintenance of City roads, streetlights, and sidewalks. The UUT measure was renewed by Pinole voters in November 2004 & 2012. The voters of Pinole have an opportunity this November to consider whether to renew the UUT, without a sunset date so it remains in effect until voters remove it.

DOES EVERYONE PAY THE UUT?

Exemptions from the UUT are provided to lowincome households, recipients of veterans/ survivors pension benefits and recipients of certain governmental aid.



In addition, 100% of Measure S 2006 & a portion of Measure S 2014 are used for Police and Fire services.

CAN THE CITY CONTINUE TO PROVIDE A FULL RANGE OF SERVICES WITHOUT THIS FUNDING?

No. Loss of this local revenue source would affect the City's ability to provide services to the community, such as maintaining vital public safety services, Police patrols, and rapid 9-1-1 response. Police and Fire protection comprise more than 62% of Pinole's budget and the loss of any funding, including the UUT, would affect our community's public safety.

If the Council were forced to eliminate \$2 million from the budget service levels will be drastically impacted in Police, Public Works, Recreation (Sr Center, Youth Center, Swim Center), Pinole Community TV, Parks Maintenance, and more.

IF RENEWED, HOW DO WE KNOW THAT FUNDS WILL CONTINUE TO BE SPENT **RESPONSIBLY?**

The entire City Budget is independently audited. All City revenues including funds from the UUT are reported on and discussed at a public meeting. In addition, information is available on the City's website.

HOW CAN I GET MORE INFORMATION ON PINOLE'S **UUT AND THE CITY'S BUDGET** AND FISCAL SITUATION?

By visiting the City's website at www.ci.pinole.ca.us or by calling City Manager Michelle Fitzer at (510) 724-8933.

REGISTER TO VOTE

October 22

Last day to register to vote

November 6 **Election Day**

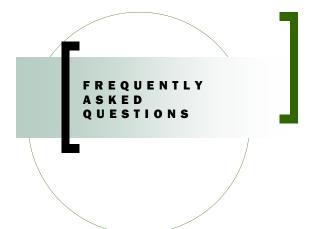
Get the facts be an informed, educated voter.

U.S. POSTAGE PRSRT STD

Permit #41 Pinole, CA PAID

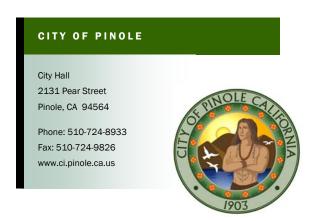
****ECRWSSEDDM****

CA 94564 **Pinole Resident** Pinole,



UTILITY USERS TAX (UUT)

MEASURE



Pinole, CA 94564 2131 Pear Street



Facts At A Glance

- This is a renewal of an existing revenue that has been in place since 1998: renewed in 2004 & 2012.
- The UUT is 8%.
- The UUT generates \$2 million of the City's \$14 million General Fund revenue each year (14%).
- The UUT is a guaranteed LOCAL funding source every dollar paid stays in Pinole.
- The income-based exemptions remain in effect.
- The renewal has no sunset - it stays until voters remove it.

Sustained City Costs Reductions since 2008:

- Reduced staff by 37 positions (25%).
- Increased employee sharing of costs for retirement and health benefits. As of July 1, 2018 Safety Employees pay 24.659% and Non-Safety Employees pay 20.547% of their salaries for pension.
- Reduced retiree health benefits.
- Closure of Fire Station 74.

Measure C—Renewal of Pinole's Utility Users Tax

Election Day is November 6, 2018

Don't forget to vote

Some people may ask, what Our citizens have had to is Measure C all about - well here's the scoop. Measure our two fire stations, and C is the City of Pinole's reduced staff/services across renewal of the existing Utility Users Tax (UUT), which is a local revenue. The UUT is the City's 3rd largest General Fund revenue source, used to pay for services such as Police, Fire, Public Works, Parks, Recreation, blight and graffiti elimination, and the like.

Unlike most items on the November 6th ballot, Measure C is a renewal of existing revenue, not a new revenue.

All cities have struggled to provide services since the Great Recession and the elimination Redevelopment. Most former RDA funded activities are now paid out of the City's General Fund. Pinole City services have already been reduced over the last ten years.

endure the closure of one of all departments. A further reduction of \$2 million would have devastating impacts to our existing reduced services. We're hearing from community members that they want more services, not less.

That's why your decision on Measure C is important. Do you want to continue this existing funding, without a sunset date, for general purposes - Public Safety, Public Works, Parks, Recreation, and blight elimination, or should the City make \$2 million in additional cuts to our already reduced service levels? The choice is yours November 6th.

For more information please refer to your voter pamphlet, the City's website, or call City Manager Michelle Fitzer at (510) 724-8933.









What happens if the UUT is not renewed?

Although the City Council • not adopted contingency budget, in the event the UUT is not renewed, to account for \$2 • million less in revenue, reductions will need to be made in the following service areas:

- Police Department
- Public Works/Code Enforcement
- Recreation activities relying on a General Fund contribution, such as the Senior Center. Youth Center and Swim Center (may result in some closures)
- Park Maintenance
- Pinole Community **Television**
- Administration

While it is never the interest of the City Council or staff to decrease services, these cuts will be unavoidable without the UUT.





DATE: NOVEMBER 7, 2017

TO: MAYOR AND COUNCIL MEMBERS

FROM: MICHELLE FITZER, CITY MANAGER

SUBJECT: DISCUSSION OF UTILITY USERS TAX RENEWAL

RECOMMENDATION

It is recommended that the City Council discuss the Utility Users Tax renewal.

BACKGROUND

The City's Utility Users Tax (UUT) was adopted by Pinole voters in 1998 and renewed in 2004 and 2012. The UUT is charged on electricity, gas, and telephone (land and cell) lines. Residents who meet certain economic criteria can be exempted from charge.

The 2012 ballot measure renewed the UUT by another eight (8) years, meaning it is scheduled to sunset in December of 2020.

REVIEW & ANALYSIS

The UUT provides the City with approximately \$2 million per year in General Fund revenue. Considering our General Fund revenue is projected to be around \$13 million this fiscal year, the UUT represents slightly more than 15% of the total.

As we continuously plan for the financial stability and well being of the City we have to consider that this revenue is currently "temporary", as it is set to expire in 2020. It would be financially devastating if this revenue was lost. In 2012 the Council adopted an alternate budget in the event the UUT was not renewed. It included the elimination of positions in Police, both sworn and non-sworn, Fire, Public Works and Administration, as well as service cuts such as closure of the Swim Center. Again, fortunately the measure passed by nearly 80% and those budget reductions were not necessary.

However, if we lost \$2 million now we would be facing similar devastating cuts. I think we all recognize that this vital funding source needs to be renewed and secured. Therefore, I suggest to the Council that we consider running a ballot measure in November 2018 asking our voters to renew the UUT without any sunset.

FISCAL IMPACT

The cost of an additional measure on the November 2018 ballot is relatively minimal, as that is a General Election ballot on which we would have Council seats as well. Given our last experience with the UUT renewal, I anticipate the cost to be less than \$3,000.

ATTACHMENT

None





DATE: MAY 15, 2018

TO: MAYOR AND COUNCIL MEMBERS

FROM: ANDREA MILLER, FINANCE DIRECTOR

MICHELLE FITZER, CITY MANAGER

SUBJECT: RECEIVE THE FY 2017-18 THIRD QUARTER FINANCIAL REPORT

AND ADOPT A RESOLUTION APPROVING BUDGET

ADJUSTMENTS

RECOMMENDATION

It is recommended that the City Council receive the FY 2017-18 Third Quarter Financial Report and adopt a resolution approving budget adjustments per staff recommendations in Attachment A.

BACKGROUND

For the period July 1, 2017 through March 31, 2018, cash flows were sufficient to sustain normal City operations and to satisfy Enforceable Obligation payment commitments of the City's Successor Agency.

Staff has reviewed the third quarter financial performance for the City's FY 2017-18 budget. While revenue and expenditures for the third quarter of the fiscal year should average 75% of budget, there are cases where revenue and expenditures are above or below projections for the period based on timing of receipts and expenses. These are explained in this report.

REVIEW & ANALYSIS

General Fund Revenue Analysis

The adopted FY 2017-18 mid-year budget anticipates current year expenditures to be fully offset by operating revenues generating a modest surplus of \$718,824.

The economy in Pinole continues to show signs of improvement with revenues of 76% realized for the third quarter of the fiscal year. The City uses HdL, Coren & Cone consultants to provide an analysis of property assessed values and Sales Tax projections. Budget projections are based on a 95% conservative estimate of HdL, Coren & Cone's analysis. Sales Tax revenue is the City's largest General Fund revenue stream which has shown steady increases year-over-year. Sales Tax

collections for the third quarter are 72% of projections compared to 60% for the same period in the prior fiscal year. However, we should note that the Pinole Toys R Us is closing, which will negatively impact our sales tax receipts. Toys R Us is one of the top 25 sales tax producers in Pinole.

Property Tax is the City's second largest revenue stream with third quarter collections at 101% of projections. This is the result of receipt of a Redevelopment Property Tax Trust Fund (RPTTF) 19% proportionate share disbursement from the County. Property Tax settlements are received in December, April, and June.

Utility Users Tax (UUT) is the City's third largest General Fund revenue stream with 81% realized for the third quarter compared to 71% for the same period in the prior fiscal year. As Council will recall, this funding source has a sunset date of December 2020. At the November 7, 2017, meeting Council discussed placing a measure on the November 2018 ballot to seek renewal of the UUT. Authority was given to the City Manager to bring that measure forward. The resolution to place that question on the November 2018 ballot will be brought to Council on June 19, 2018. As is well known, the City cannot risk losing this vital General Fund revenue. As citizens express interest in the City enhancing services, loss of this revenue would severely impact the City's ability to fund existing service levels. It goes without saying that the loss of approximately \$2 million from a \$13 million budget would result in decreased services. Of course, more information on this topic will be included in the FY 2018-19 draft budget materials and with the June 19th ballot measure staff report.

Franchise Tax is at 71% of projections for the third quarter; Other Taxes which includes Transient Occupancy Tax and Business Licenses are at 83% of projections.

Intergovernmental tax which includes Motor Vehicle License Fee and Home Owner Property Tax Relief is at 56% of projections; and State Grants are at 27% of projections. Federal Grants include budgets for prior year grants the City will not receive this year, and Other Grant receipts are received during the fourth quarter. Public Safety Charges includes Dispatch services and are at 48% of projections; billings are issued at the end of each quarter, and the third quarter payments are pending.

Other revenue categories are in line with expectations for the period with the exception of the following: Permits are at 104% of budget due to an increase in sidewalk, general permits, and conditional use permits; Other Fees are at 208% of budget due to an increase in inspections and photocopy fees; Rental income is at 94% of budget due to receipt of St. Joseph's ground lease rental payments; Reimbursements are at 233% of budget due to reimbursement of a prior year of duplicate payment, and damage recoveries received for street lights; Other revenue is at 116% of budget due to reimbursement received for Police staffs attendance at training, and sponsorship's received for the Pinole hosted Mayor's conference; and,

Proceeds from Sale of Property is at 102% of budget due to sale of a surplus 1998 fire engine and other miscellaneous surplus property.

We should note that during our most recent meeting with HdL the City Manager inquired about their projections for an economic downturn. The response, based on their various resources and analysis, was to expect a downturn/recession starting around the end of 2019 to beginning of 2020. So while we are highlighting that our economy is currently continuing to show signs of growth, we cannot forgot that economic periods are cyclical. At this point we have been in a growth period for approximately 10 years, placing us past when a slow down would normally be expected. Although we always want to be optimistic, we must face the reality that conservative budgeting is imperative to keep us out of a fiscal crisis when the inevitable downturn hits.

Recommendation:

Staff is recommending FY 2017-18 General Fund revenue adjustments in the amount of \$394,634 as follows:

	FY 2017-18 Budget	Proposed Revisions	FY 2017-18 Updated Budget
Property Tax	3,140,193	352,652	3,492,845
Federal Grants	6,545	-6,545	0
Permits	53,500	3,700	57,200
Other Fees	3,000	3,300	6,300
Rental Income	81,450	15,577	97,027
Reimbursements	14,748	20,000	34,748
Other Revenue	46,752	5,950	52,702
Total Adjustments	3,346,188	394,634	3,740,822

Total adjustments only reflect revenue with adjustments recommended.

General Fund Expenditure Analysis

The City Council approved the FY 2017-18 General Fund Budget with specific expenditure assumptions limiting expenditures to maintain a balance between anticipated revenues and planned expenditures. The goal was to maintain a balanced budget and continue the process of rebuilding a General Fund Reserve. To build the reserve, we have used one-time allocations of Redevelopment Agency residual cash distributed to the City by the County Auditor-Controller, and have scheduled annual operating transfers in the amount of \$200,000 from Measure S 2014 funds beginning in fiscal year 2016-17.

Operating Budget Expenditures for the City's General Fund are at 68% of projections at the end of the third quarter. This is slightly lower than the average due

to vacant positions during the period, and Pinole Cable TV billing to City Council that has not occurred through the third quarter.

Recommendation:

There are no recommended expenditure adjustments at this time.

OTHER FUNDS

Measure S 2006 and 2014 Analysis

The voter-approved 2006 City General Purpose Use Tax is levied at 0.5% on all retail sales. These taxes have been allocated by the City Council to fund Public Safety programs as their highest funding priority. Measure S 2006 revenue collections were 77% of projections at the end of the third quarter, while expenditures are at 62% of appropriations. Expenditure projections are slightly lower than average for the period due to pending journal entries to move public safety overtime expenditures from General Fund to Measure S 2006 where the budget is allocated. Staff is recommending a budget adjustment for a reimbursement received from City of Hercules for dispatch upgrade costs.

Recommendation:

Staff is recommending FY 2017-18 Measure S 2006 revenue adjustments in the amount of \$12,201 as follows:

	FY 2017-18 Budget	Proposed Revisions	FY 2017-18 Updated Budget
Reimbursements	6,500	12,201	18,701
Total Adjustments	6,500	12,201	18,701

The voter-approved 2014 City General Purpose Use Tax is also levied at 0.5% on all retail sales. These funds are used to address some of the City's operational and ongoing and previously deferred capital improvement needs. Measure S 2014 revenue collections are 65% of projections at the end of the third quarter, while expenditures are 13% of appropriations. This level of expenditures is primarily due to capital projects that have not been initiated as of yet, and operating transfers to other funds that will be completed at the end of the fourth quarter. While revenue receipts for Measure S 2014 should mirror that of Measure S 2006, earlier this fiscal year some businesses were still being identified by our consultant, HdL, that may not have yet implemented the second use tax. As of our most recent report from HdL the two collections are now much closer in alignment.

Recommendation:

There are no recommended revenue or expenditure adjustments at this time.

NPDES Storm Water Fund

The National Pollution Discharge Elimination System (NPDES) Storm Water Fund accounts for assessments collected as part of annual property tax collections and disbursed using the same property tax disbursement schedule to each participating city. These proceeds are used to implement programs under the Storm Water Pollution Control Plan which are primarily street sweeping, storm drain cleaning and maintenance.

Recommendation:

Staff is recommending FY 2017-18 NPDES Storm Water Fund revenue adjustments in the amount of \$400 as follows:

	FY 2017-18 Budget	Proposed Revisions	FY 2017-18 Updated Budget
Other Revenue	0	400	400
Total Adjustments	0	400	400

Building & Planning Fund Analysis

The Building Fund's FY 2017-18 adopted budget projected a net \$343,717 use of fund balance to achieve a balanced budget. Revenue at the end of the third quarter is 72% of projections, while expenditures are 46% of appropriations. Revenue adjustments of \$46,500 are proposed as follows:

- \$42,000 increase in Review Fee revenue due to additional development application submittals; and,
- \$4,500 to account for Other Revenue received in excess of budget.

Recommendation:

Staff is recommending revenue adjustments of \$46,500 as follows:

	FY 2017-18 Budget	Proposed Revisions	FY 2017-18 Updated Budget
Review Fees	105,000	42,000	147,000
Other Revenue	12,500	4,500	17,000
Total Adjustments	117,500	46,500	164,000

Housing Administration Analysis

Activities associated with administering housing programs of the former Pinole Redevelopment Agency and use of Housing Set Aside funds and the provision of affordable housing within the community are maintained within the Housing Fund.

Revenue at the end of third quarter is 39% of projections, while expenditures are 61% of appropriations. Revenue adjustments of \$4,700 are proposed to account for parking lot lease maintenance fees received. No expenditure adjustments of are proposed at this time.

Recommendation:

Staff is recommending revenue adjustments of \$4,700 as follows:

	FY 2017-18 Budget	Proposed Revisions	FY 2017-18 Updated Budget
Other Fees	0	4,700	4,700
Total Adjustments	0	4,700	4,700

Recognized Obligation Retirement Fund

The Recognized Obligation Retirement Fund (RORF) accounts for the close-out activities of the Successor Agency to the Pinole Redevelopment Agency. Pledged property tax revenues will continue to be provided to the City for timely payment of outstanding redevelopment bond debt obligations, to reimburse the City for administrative staff time up to \$250,000 per year, and other enforceable obligations in accordance with the Recognized Obligation Payment Schedule (ROPS).

Staff is recommending a \$12,967 revenue adjustment to account for loan proceeds received on outstanding commercial and mixed-use loans.

Recommendation:

Staff is recommending revenue adjustments of \$12,967 as follows:

	FY 2017-18 Budget	Proposed Revisions	FY 2017-18 Updated Budget
Other Fees	0	12,967	12,967
Total Adjustments	0	12,967	12,967

Interest and Investment Income Analysis

The City pools its cash together into one account to maximize interest earnings, and allocates interest earned to the pooled funds on a quarterly basis. Although several funds generated modest interest earnings during the quarter, staff is recommending no budget adjustments at this time. Interest and investment income will be analyzed and adjustments recommended with the fourth quarter year-end analysis.

FISCAL IMPACT

Fiscal impact of the First Quarter FY 2017-18 Financial Report proposed adjustments are summarized below and described in detail above and in Attachment A.

- 1. Net increase in General Fund revenue of \$394,634.
- 2. Net increase in Measure S 2006 revenue of \$12,201.
- 3. Net increase in NPDES Storm Water Fund revenue of \$400.
- 4. Net increase in Building and Planning Fund revenue of \$46,500.
- 5. Net increase in Housing Fund revenue of \$4,700.
- 6. Net increase in Recognized Obligation Payment Fund revenue of \$12,967.

ATTACHMENTS

Attachment A – FY 2017-18 Third Quarter Financial Report

Attachment B – Resolution Adjusting Fiscal Year 2017-18 Budget

Attachment C – PowerPoint Presentation

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City of Pinole Third Quarter Budget Report

For FY 2017-2018 Period Ending: 03/31/2018

	FY 2017-18 Revised Budget	Actual to Date Jul 17 - Mar 18	Variance	Percent Used	Proposed Adjustment	Notes
Fund: 100 - General Fund	nevised budget	Jul 17 - Iviai 10	variance	Oseu	Aujustinent	Note
Revenue						
311 - Property Taxes Total:	3,140,193	3,156,023	15,830	101%	352,652	[1]
312 - Sales and Use Taxes Total:	3,638,966	2,627,758	(1,011,208)	72%	332,032	[-]
313 - Utility Users Tax Total:	1,912,350	1,547,095	(365,255)	81%		
314 - Franchise Taxes Total:	712,350	504,315	(208,035)	71%		
315 - Other Taxes Total:	780,000	651,086	(128,914)	83%		
321 - Intergovernmental Taxes Total:	1,539,950	855,964	(683,986)	56%		
322 - Federal Grants Total:	6,545	-	(6,545)	0%	(6,545)	[2]
323 - State Grants Total:	66,600	17,971	(48,629)	27%	(-//	
324 - Other Grants Total:	49,437		(49,437)	0%		[3]
332 - Permits Total:	53,500	55,612	2,112	104%	3,700	[4]
341 - Review Fees Total:	57,905	16,491	(41,414)	28%	,	
342 - Other Fees Total:	3,000	6,241	3,241	208%	3,300	[5]
343 - Abatement Fees Total:	2,000	576	(1,424)	29%		
351 - Fines and Forfeiture Total:	54,050	30,317	(23,733)	56%		
361 - Public Safety Charges Total:	1,344,283	638,873	(705,410)	48%		
370 - Interest and Investment Income Total:	55,000	27,234	(27,766)	50%		
381 - Rental Income Total:	81,450	76,664	(4,786)	94%	15,577	[6]
383 - Reimbursements Total:	14,748	34,413	19,665	233%	20,000	[7]
384 - Other Revenue Total:	46,752	50,158	3,406	107%	5,950	[8]
392 - Proceeds from Sale of Property Total:	11,750	11,931	181	102%		
Revenue Total:	13,570,829	10,308,721	(3,262,108)	76%	394,634	
SubCategory: 399 - Transfers In Total:	200,000	-	(200,000)	0%		
Sources Total:	13,770,829	10,308,721	(3,462,108)	75%	394,634	
Expenditures						
Department: 10 - City Council Total:	113,248	63,177	50,071	56%		
Department: 11 - City Manager Total:	110,668	88,712	21,956	80%		
Department: 12 - City Clerk Total:	236,016	141,290	94,726	60%		
Department: 13 - City Treasurer Total:	8,444	8,036	408	95%		
Department: 14 - City Attorney Total:	165,775	113,782	51,993	69%		
Department: 15 - Finance Department Total:	401,812	300,510	101,302	75%		
Department: 16 - Human Resources Total:	360,609	222,812	137,797	62%		
Department: 17 - Non-Departmental Total:	2,332,003	1,831,031	500,972	79%		
Total Administrative	3,728,575	2,769,351	959,224	74%		
Department: 22 - Police Department Total:	5,616,012	3,807,932	1,812,832	68%		
Department: 23 - Fire Department Total:	2,575,750	1,578,948	996,802	61%		
Total Public Safety	8,191,762	5,386,879	2,809,635	66%		
Department: 34 - Public Works Total:	864,201	606,289	257,912	70%		
Department: 46 - Community Development Total:	67,467	5,367	62,100	8%		
Total Public Works	931,668	611,656	320,012	66%		
Expenditure Total:	12,852,005	8,767,886	4,088,871	68%		
Fund: 100 - General Fund Surplus (Deficit):	718,824	1,540,835	(822,011)	214%		
NOTES:						

- [1] Adjustment for RPTTF received in excess of budget estimate.
- [2] Remove DOJ grant budget from Police (\$1,545) and FEMA grant budget from Fire (\$5,000).
- [3] Measure H funds are received in 4th quarter.
- [4] Adjust permit revenue to align with actuals: sidewalk \$1,200; general \$2,000; and conditional use \$500.
- [5] Adjust fee revenue to align with actuals: inspections \$2,800 and photocopy \$500.
- [6] Add budget for St. Joseph's ground lease rental.
- [7] Add budget for damage recoveries received for street lights.
- $\hbox{[8] Add budget for Mayor's Conference sponsorships received}.\\$

	FY 2017-18 Revised Budget	Actual to Date Jul 17 - Mar 18	Variance	Percent Used	Proposed Adjustment	Notes
Fund: 105 - Measure S -2006 Revenue					•	
312 - Sales and Use Taxes Total:	1,919,000	1,454,639	(464,361)	76%		
370 - Interest and Investment Income Total:	2,700	6,362	3,662	236%		[1]
383 - Reimbursements Total:	6,500	18,680	12,180	287%	12,201	[2]
Revenue Total:	1,928,200	1,479,681	(448,520)	77%	12,201	
Expenditures						
Department: 22 - Police Department Total:	1,702,837	1,024,930	677,907	60%		
Department: 23 - Fire Department Total:	854,949	559,013	295,936	65%		
Expenditure Total:	2,557,786	1,583,944	973,842	62%		
Fund: 105 - Measure S -2006 Surplus (Deficit):	(629,586)	(104,263)	(525,323)	17%		
Fund: 106 - MEASURE S-2014						
Revenue						
312 - Sales and Use Taxes Total:	1,919,000	1,243,683	(675,317)	65%		
370 - Interest and Investment Income Total:	2,700	6,519	3,819	241%		[1]
Revenue Total:	1,921,700	1,250,202	(671,498)	65%	-	
Expenditures						
Department: 14 - City Attorney Total:	45,000	40,417	4,584	90%		
Department: 15 - Finance Department Total:	5,000	-	5,000	0%		[3]
Department: 17 - Non-Departmental Total:	900,000	-	900,000	0%		[4]
Department: 18 - Information Systems Total:	150,000	81,334	68,666	54%		
Total Administrative	1,100,000	121,751	978,249	11%		
Department: 22 - Police Department Total:	129,554	32,384	97,170	25%		[6]
Department: 23 - Fire Department Total: Total Public Safety	359,760 489,314	34,637 67,021	325,123 422,293	10% 14%		[5]
Department: 34 - Public Works Total:	444,412	70,141	374,271	16%		
Department: 55 - Recreation Total:	7,000	1,961	5,039	28%		
Expenditure Total:	2,040,726	260,873	1,779,853	13%		
Fund: 106 - MEASURE S-2014 Surplus (Deficit):	(119,026)	989,329	(1,108,355)	-831%		
Fund: 200 - Gas Tax Fund						
Revenue			(
321 - Intergovernmental Taxes Total:	528,732	354,727	(174,005)	67%		[1]
370 - Interest and Investment Income Total:	500	916	416	183%		[1]
Revenue Total:	529,232	355,643	(173,589)	67%	-	
Expenditures Department: 24 - Public Works Total:	462.701	212.070	240 921	46%		
Department: 34 - Public Works Total: Expenditure Total:	462,791 462,791	212,970 212,970	249,821			
•		•	249,821	215%		
Fund: 200 - Gas Tax Fund Surplus (Deficit):	66,441	142,673	76,232	215%		
Fund: 201 - Restricted Real Estate Maintenance Fund Revenue						
342 - Other Fees Total:	3,175	1,825	(1,350)	57%		
381 - Rental Income Total:	34,000	5,342	(28,658)	16%		
Revenue Total:	37,175	7,167	(30,008)	19%		
Expenditures						
Department: 34 - Public Works Total:	47,500	21,424	26,076	45%		
Expenditure Total:	47,500	21,424	26,076	45%		
nd: 201 - Restricted Real Estate Maintenance Fund Surplus (Deficit):	(10,325)	(14,257)	(3,932)	138%		

- [1] Interest and investment budget will be adjusted with the 4th quarter year-end review.
- $\label{eq:continuous} \textbf{[3] Invoice for auditing services received in fourth quarter.}$
- [4] Adopted transfers to other funds are processed at year-end.
- [5] Journal entry to move Fire Chief salary and benefits from General Fund to Measure S 2014 is pending.

ATTACHMENT A

	FY 2017-18 Revised Budget	Actual to Date Jul 17 - Mar 18	Variance	Percent Used	Proposed Adjustment	Notes
Fund: 203 - Public Safety Augmentation Fund Revenue						
321 - Intergovernmental Taxes Total:	155,000	104,113	(50,887)	67%		
370 - Interest and Investment Income Total:	500	706	206	141%		[1]
Revenue Total:	155,500	104,818	(50,682)	67%	-	
Expenditures						
Department: 22 - Police Department Total:	150,857	96,747	54,110	64%		
Expenditure Total:	150,857	96,747	54,110	64%		
Fund: 203 - Public Safety Augmentation Fund Surplus (Deficit):	4,643	8,071	3,428	174%		
Fund: 204 - Police Grants	•	,	·			
Revenue						
324 - Other Grants Total:	320,000	164,000	(156,000)	51%		
Revenue Total:	320,000	164,000	(156,000)	51%		
Expenditures						
Department: 22 - Police Department Total:	291,941	274,225	17,716	94%		[2]
Expenditure Total:	291,941	274,225	17,716	94%		
Fund: 204 - Police Grants Surplus (Deficit):	28,059	(110,225)	(138,284)	-393%		
Fund: 205 - Traffic Safety Fund Revenue						
351 - Fines and Forfeiture Total:	57,750	11,189	(46,561)	19%		
370 - Interest and Investment Income Total:	250	330	80	132%		[1]
Revenue Total:	58,000	11,519	(46,481)	20%		
Expenditures						
Department: 22 - Police Department Total:	26,284	7,089	19,195	27%		
Expenditure Total:	26,284	7,089	19,195	27%		
Fund: 205 - Traffic Safety Fund Surplus (Deficit):	31,716	4,430	(27,286)	14%		
Fund: 206 - Supplemental Law Enforcement Svc Fund						
Revenue						
323 - State Grants Total:	100,000	94,203	(5,797)	94%		
370 - Interest and Investment Income Total:	175	245	70	140%		[1]
Revenue Total:	100,175	94,448	(5,727)	94%		
Expenditures						
Department: 22 - Police Department Total:	96,657	65,761	30,896	68%		
Expenditure Total:	96,657	65,761	30,896	68%		
ាd: 206 - Supplemental Law Enforcement Svc Fund Surplus (Deficit):	3,518	28,687	25,169	815%		
Fund: 207 - NPDES Storm Water Fund Revenue						
321 - Intergovernmental Taxes Total:	315,768	170,363	(145,405)	54%		
370 - Interest and Investment Income Total:	175	94	(81)	54%		503
384 - Other Revenue Total:	-	378	378	-100%	400	[3]
Revenue Total:	315,943	170,836	(145,107)	54%	400	
Expenditures						
Department: 34 - Public Works Total:	305,420	187,048	118,372	61%		
Expense Total:	305,420	187,048	118,372	61%		
Fund: 207 - NPDES Storm Water Fund Surplus (Deficit):	10,523	(16,212)	(26,735)	-154%		

- [1] Interest and investment budget will be adjusted with the 4th quarter year-end review.
- [2] Journal entry to move overtime to Measure S 2014 is pending.
- [3] Add budget for building receipts received.

ATTACHMENT A

	FY 2017-18 Revised Budget	Actual to Date Jul 17 - Mar 18	Variance	Percent Used	Proposed Adjustment	Notes
Fund: 209 - Recreation Fund	nevisea baaget	301 17 Will 10	Variance	Oscu	Aujustinent	Notes
Revenue						
Division: 551 - Recreation Administration	27,500	19,451	(8,049)	71%		
Division: 552 - Senior Center	361,700	267,387	(94,313)	74%		
Division: 553 - Tiny Tots	191,557	139,444	(52,113)	73%		
Division: 554 - Youth Center	51,297	45,681	(5,616)	89%		
Division: 555 - Day Camp	54,141	31,486	(22,655)	58%		
Division: 556 - Performing Arts	45,270	47,344	2,074	105%		
Division: 557 - Swim Center	52,500	28,020	(24,480)	53%		
Division: 558 - Memorial Hall	5,600	1,250	(4,350)	22%		
Division: 559 - Tennis	200	290	90	145%		
Revenue Total:	789,765	580,354	(209,411)	73%		
Expenditures						
Department: 55 - Recreation						
Division: 551 - Recreation Administration	188,626	70,279	118,347	37%		
Division: 552 - Senior Center	429,591	295,926	133,665	69%		
Division: 553 - Tiny Tots	114,304	79,949	34,356	70%		
Division: 554 - Youth Center	165,235	105,857	59,378	64%		
Division: 555 - Day Camp	38,428	3,487	34,941	9%		
Division: 556 - Performing Arts	40,007	27,118	12,889	68%		
Division: 557 - Swim Center	38,691	39,841	(1,150)	103%		
Division: 558 - Memorial Hall	4,838	2,631	2,207	54%		
Division: 559 - Tennis	3,495	2,417	1,078	69%		
Department: 55 - Recreation Total:	1,023,215	627,504	395,711	61%		
Expense Total:	1,023,215	627,504	395,711	61%		
Fund: 209 - Recreation Fund Surplus (Deficit):	(233,450)	(47,150)	186,300	20%		
Fund: 212 - Building & Planning						
Revenue						
315 - Other Taxes Total:	1,800	155	(1,645)	9%		
332 - Permits Total:	913,000	568,599	(344,401)	62%		
341 - Review Fees Total:	105,000	146,082	41,082	139%	42,000	[1]
342 - Other Fees Total:	54,050	52,701	(1,349)	98%		
343 - Abatement Fees Total:	500	-	(500)	0		
370 - Interest and Investment Income Total:	1,500	2,529	1,029	169%		[2]
384 - Other Revenue Total:	12,500	16,920	4,420	135%	4,500	[3]
Revenue Total:	1,088,350	786,986	(301,364)	72%	46,500	
Expense						
Department: 46 - Community Development Total:	1,432,067	662,832	769,235	46%		
Expense Total:	1,432,067	662,832	769,235	46%		
Fund: 212 - Building & Planning Surplus (Deficit):	(343,717)	124,154	467,871	-36%		
Fund: 215 - Measure C and J Fund						
Revenue						
324 - Other Grants Total:	303,590	-	(303,590)	0%		[4]
370 - Interest and Investment Income Total:	1,000	2,340	1,340	234%		[2]
Revenue Total:	304,590	2,340	(302,250)	1%		
Expense			·			
Department: 17 - Non-Departmental Total:	42,772	42,772	_	100%		
Department: 17 - Non-Departmental Total: Department: 34 - Public Works Total:	145,753	68,597	- 77,156	47%		
-						
Expense Total:	188,525	111,369	77,156	59%		
Fund: 215 - Measure C and J Fund Surplus (Deficit):	116,065	(109,029)	(225,094)	-94%		

- [1] Increase budget for additional review fee receipts.
- [2] Interest and investment budget will be adjusted with the 4th quarter year-end review.
- [3] Increase budget for additional building receipts.
- [4] Measure J funds are received in the fourth quarter.

ATTACHMENT A

	FY 2017-18 Revised Budget	Actual to Date Jul 17 - Mar 18	Variance	Percent Used	Proposed Adjustment	Notes
Fund: 285 - Housing Land Held for Resale						
Revenue						
342 - Other Fees Total:	-	4,700	4,700	-100%	4,700	[1]
370 - Interest and Investment Income Total:	75,000	32,224	(42,776)	43%		
381 - Rental Income Total:	72,253	54,190	(18,063)	75%		
384 - Other Revenue Total:	35,000	5,500	(29,500)	16%		
393 - Loan/Bond Proceeds Total:	81,000	7,285	(73,715)	9%		
Revenue Total	263,253	103,899	(159,354)	39%	4,700	
Expense						
Department: 46 - Community Development Total:	223,996	136,652	87,344	61%		
Expense Total	223,996	136,652	87,344	61%		
Fund: 285 - Housing Land Held for Resale Surplus (Deficit)	39,257	(32,753)	(72,010)	-83%		
Fund: 500 - Sewer Enterprise Fund						
Revenue						
363 - Sewer Enterprise Charges Total:	6,242,610	3,845,506	(2,397,104)	62%		
370 - Interest and Investment Income Total:	10,250	20,449	10,199	200%		[2]
Revenue Total	6,252,860	3,865,955	(2,386,905)	62%		
Expense						
Department: 64 - Sewer Total:	5,545,948	3,081,175	2,464,773	56%		
Expense Total	5,545,948	3,081,175	2,503,658	56%		
Fund: 500 - Sewer Enterprise Fund Surplus (Deficit)	706,912	784,780	116,753	111%		
Fund: 505 - Cable Access TV						
Revenue						
314 - Franchise Taxes Total:	36,788	18,988	(17,800)	52%		
365 - Cable TV Charges Total:	178,585	74,489	(104,096)	42%		
384 - Other Revenue Total:	2,100	630	(1,470)	30%		
399 - Transfers In Total:	183,566	-	(183,566)	0%		
Revenue Total	: 401,039	94,108	(306,931)	23%		
Expense	200.004	224 202	164.000	F00/		
Department: 19 - Cable Access TV Total:	399,091	234,203	164,888	59%		
Expense Total		234,203	164,888	59%		
Fund: 505 - Cable Access TV Surplus (Deficit)	: 1,948	(140,095)	(142,043)	-7192%		
Fund: 750 - Recognized Obligation Retirement Fund Revenue						
311 - Property Taxes Total:	253,500	250,000	(3,500)	99%		
370 - Interest and Investment Income Total:	-	8,151	8,151	-100%		[2]
393 - Loan/Bond Proceeds Total:	-	12,967	12,967	-100%	12,967	[3]
Revenue Total	253,500	271,118	176,772	107%	12,967	
Expense	•	•	•		-	
Department: 46 - Community Development Total:	253,500	184,777	68,723	73%		
Expense Total		184,777	68,723	73%		
•		•				
und: 750 - Recognized Obligation Retirement Fund Surplus (Deficit)	-	86,342	57,948	0%		

- [1] Add budget for parking lot maintenance fees.
- $\cite{black} \cite{black} Interest and investment budget will be adjusted with the 4th quarter year-end review.$
- [3] Add budget for loan proceeds received.

RESOLUTION NO. 2018-xx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PINOLE, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, MODIFYING THE CITY BUDGET FOR FISCAL YEAR 2017-18

WHEREAS, the City Council did adopt a Budget for City Operations by Resolution number 2017-46 on June 20, 2017; and

WHEREAS, the Finance Director has presented proposed recommendations for amendment of the adopted budget for the City of Pinole Operations for fiscal year 2017-18 as part of a 3rd Quarter Financial Report at the regular City Council Meeting held on May 15, 2018; and

WHEREAS, the City Council has considered these recommended changes, as to the matter of the City budget; and

WHEREAS, the City Council has solicited public input on the proposed modifications to the FY 2017-18 Operations Budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pinole as follows:

Amendments to the budget for the City of Pinole for fiscal year 2017-18 commencing July 1, 2017 and ending June 30, 2018 are hereby approved and adopted as follows:

FY 2017-18 Budget Adjustments

General Fund - 100	
Revenue	\$394,634
Measure S 2006 Fund - 105	
Revenue	\$12,201
NPDES Storm Water Fund - 207	
Revenue	\$400
Building & Planning Fund - 212	
Revenue	\$46,500
Housing Fund - 285	
Revenue	\$4,700
Recognized Obligation Retirement Fund - 750	
Revenue	\$12,967

PASSED AND ADOPTED this 15th day of May 2018, by the following vote:

AYES:	COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

I hereby certify that the foregoing resolution was introduced, passed and adopted on this 15th day of May, 2018.

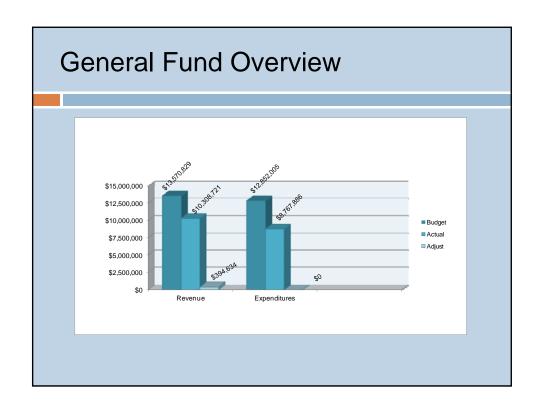
Rosa G. Acosta City Clerk



AND BUDGET ADJUSTMENTS

Highlights:

- Mid-year adopted FY 2017-18 budget projects General Fund surplus of \$718,824
- General Fund revenues realized at 76% of projections
- General Fund expenditures realized at 68% of projections



General Fund Revenue Budget-to-Actual					
	Adopted	3 rd Qtr	Budget	Updated	
	Budget	Actual	Adjust	Budget	
Property Tax	3,140,193	3,156,023	352,652	3,492,845	
Sales Tax	3,638,966	2,627,758	0	3,638,966	
Utility Users Tax	1,912,350	1,547,095	0	1,912,350	
Other Taxes	3,032,300	2,011,365	0	3,032,300	
Other Revenue	1,847,020	966,480	41,982	1,889,002	
Total Revenue	13,570,829	10,308,721	394,634	13,965,463	

General Fund Expenditures by
Function Budget-to-Actual

	Adopted Budget	3 rd Qtr Actual	Budget Adjust	Updated Budget
Administration	3,728,575	2,769,351	0	3,728,575
Public Safety	8,191,762	5,386,879	0	8,191,762
Public Works	864,201	606,289	0	864,201
Comm. Dev.	67,467	5,367	0	67,467
Total Expenditures	12,852,005	8,767,886	0	12,852,005

Measure S 2006 Budget-to-Actual

Adopted Budget	3 rd Qtr Actual	Budget Adjust	Updated Budget
1,919,000	1,454,639	0	1,919,000
9,200	25,042	12,201	21,401
1,928,200	1,479,681	12,201	1,940,401
1,702,837	1,024,930	0	1,702,837
854,949	559,013	0	854,949
2,557,786	1,583,944	0	2,557,786
	Budget 1,919,000 9,200 1,928,200 1,702,837 854,949	Budget Actual 1,919,000 1,454,639 9,200 25,042 1,928,200 1,479,681 1,702,837 1,024,930 854,949 559,013	Budget Actual Adjust 1,919,000 1,454,639 0 9,200 25,042 12,201 1,928,200 1,479,681 12,201 1,702,837 1,024,930 0 854,949 559,013 0

Measure S 2014 Revenue Budget-to-Actual

	Adopted	3 rd Qtr	Budget	Updated
	Budget	Actual	Adjust	Budget
Sales Tax	1,919,000	1,243,683	0	1,919,000
Other Revenue	2,700	6,519	0	2,700
Total Revenue	1,921,700	1,250,202	0	1,921,700

Measure S 2014 Expenditures Budget-to-Actual

	Adopted	3 rd Qtr	Budget	Updated
	Budget	Actual	Adjust	Budget
Administration	1,100,000	121,751	0	1,100,000
Public Safety	489,314	67,021	0	489,314
Public Works	444,412	70,141	0	444,412
Recreation	7,000	1,961	0	7,000
Total	2,040,726	260,873	0	2,040,726
Expenditures				

NPDES Storm Water Fund
Budget-to-Actual

Adopted Budget	3 rd Qtr Actual	Budget Adjust	Updated Budget
315,768	170,363	0	315,768
175	94	0	175
0	378	400	400
315,943	170,836	400	316,343
305,420	187,048	0	305,420
305,420	187,048	0	305,420
	Budget 315,768 175 0 315,943	Budget Actual 315,768 170,363 175 94 0 378 315,943 170,836 305,420 187,048	Budget Actual Adjust 315,768 170,363 0 175 94 0 0 378 400 315,943 170,836 400 305,420 187,048 0

Building & Planning Fund Budget-to-Actual

	Adopted	3 rd Qtr	Budget	Updated
	Budget	Actual	Adjust	Budget
Revenue:				
Permits	913,000	568,599	0	913,000
Review Fees	105,000	146,082	42,000	147,000
Other Revenue	70,350	72,305	4,500	74,850
Total	1,088,350	786,986	46,500	1,134,850
Expenditures:				
Community Dev.	1,432,067	662,832	0	1,432,067
Total	1,432,067	662,832	0	1,432,067

Housing Fund Budget-to-Actual							
	Adopted Budget	3 rd Qtr Actual	Budget Adjust	Updated Budget			
Revenue:							
Interest & Invest.	75,000	32,224	0	75,000			
Rental Income	72,253	54,190	0	72,253			
Other Revenue	116,000	17,485	4,700	120,700			
Total	263,253	103,899	4,700	267,953			
Expenditures:							
Community Dev.	223,996	136,652	0	223,996			

136,652

0

223,996

223,996

Total

RORF Fund Budget-to-Actual						
	Adopted	3 rd Qtr	Budget	Updated		
	Budget	Actual	Adjust	Budget		
Revenue:						
Property Taxes	253,500	250,000	0	253,500		
Interest & Invest.	0	8,151	0	0		
Loan Proceeds	0	12,967	12,967	12,967		
Total Revenue	253,500	271,118	12,967	266,467		
Expenditures:						
Comm. Dev.	253,500	184,777	0	253,500		
Total Expenses	253,500	184,777	0	253,500		

Concret Fund 400	
General Fund - 100 Revenue	\$394,634
Measure S 2006 Fund - 105	A:2.22
Revenue	\$12,201
NPDES Fund - 207	
Revenue	\$400
Building & Planning Fund – 212	
Revenue	\$46,500
Housing Fund - 203	
Revenue	\$4,700
ROPF Fund - 750	
Revenue	\$12,967

Additional Considerations

- Utility Users Tax Renewal
- State of the Economy

Questions and Comments?



DATE: JUNE 19, 2018

TO: MAYOR AND COUNCIL MEMBERS

FROM: MICHELLE FITZER, CITY MANAGER

ANDREA MILLER, FINANCE DIRECTOR

SUBJECT: ADOPT THE CITY OF PINOLE PROPOSED FY 2018-19 OPERATIONS

BUDGET

RECOMMENDATION

It is recommended that the City Council adopt the Resolution Approving the Proposed FY 2018-19 Operations Budget.

BACKGROUND

As provided by Section 2.04.150 of Title 2 of the Pinole Municipal Code, the City Manager has compiled a Proposed Budget for the next fiscal year. The Proposed FY 2018-19 Budget is status quo for the most part, with exceptions highlighted in the Review and Analysis.

This budget provides for maintaining the same level of service to our community as provided in the current year.

REVIEW AND ANALYSIS

The City Treasurer reviewed the Proposed FY 2018-19 Budget at the regularly scheduled meeting of the Finance Subcommittee on May 23rd. The City Council reviewed the Proposed FY 2018-19 Budget at a workshop held on May 29th. The PowerPoint presentation for that meeting is attached for reference. The Pinole-Hercules Wastewater Subcommittee will review the FY 2018-19 Proposed Water Pollution Control Plant Operations Budget at their regularly scheduled meeting of June 14th. The Successor Agency's proposed administrative budget was reviewed by the Pinole Oversight Board at their regularly scheduled meeting of January 17, 2018.

A detailed analysis that provides information on the major changes in revenue and expenditures for the primary operating funds is provided in the Budget Overview section (pages A-5 through A-27) of the Proposed FY 2018-19 Budget and complemented by the City Manager's Transmittal Letter (pages iv through viii). Below are the highlights:

General Fund

General Fund revenues are projected to be sufficient to meet anticipated expenditures in FY 2018-19 with a projected positive net result of \$305,909 at fiscal year-end.

Property Tax is the largest General Fund revenue source with a projecting growth from the prior year of 17.1%, based on information from the Contra Costa County Assessor's Office. Sales Tax is projected to be the second largest General Fund revenue source with a 1.3% increase, based on the information from our consulting firm HdL, from the prior year. Utility Users Tax is the third largest General Fund revenue source and projects a 0.9% increase from the prior year. Franchise Tax is projecting a modest 4.3% increase, while Other Taxes which includes Transient Occupancy Tax and Business Licenses is projecting 1.3% Intergovernmental Taxes which includes Motor Vehicle License Fees increased 11.3%. Each of these increases were calculated based on an evaluation of historical actual receipts.

Although the Proposed FY 2018-19 Budget is balanced, as noted in the Budget Overview, this does not mean that the City has a surplus because there are pending unfunded liabilities with unknown fiscal impacts. These include, funding Public Employees Retirement System (PERS) future retirement expenses that are projected to increase as a result of a decrease in expected discount rates (investment returns) from 7.50% to 7.00% by FY 2020-21. In addition, replacing depreciated vehicles and equipment, addressing deferred maintenance on City facilities, Other Post-Employment Benefits (OPEB), and Compensated Absences are ongoing concerns. Measure S 2014 only starts to address some of these liabilities, but is of course also a limited resource.

Included as part of the budget document is a five-year (FY 2018-19 through FY 2022-23) forecast of the projected General Fund and Measure S Funds to provide a better understanding of the potential impacts of the change in PERS discount rates and the impacts to the overall year end net results.

Improving the General Fund's financial condition with an established reserve continues to be a priority in accordance with the City's Reserves Policy. In recent years, the Council approved appropriating one time revenues, primarily from the sale of property from the former Redevelopment Agency in FY 2014-15, into the Reserve Fund. An additional \$200,000 per year from Measure S 2014 was allocated beginning in FY 2016-17 as part of the Measure S 2014 Five-Year Funding Plan towards meeting the Council's goal of funding a Reserve equivalent to a minimum 10% of expenditures or 180 days operating cash, whichever is greater. At the time that goal was set, the amount was \$5.5 million to be calculated each year. Based on the FY 2018-19 proposed budget, 180 days of operating cash is now equivalent to \$6.9 million. In an effort to track the total amount of General Reserves, the City has established a separate Fund (Fund 150) which currently has a balance of \$2.2 million.

As of June 30, 2017, the City's General Fund Balance reflects a total of \$4.8 million. As noted above, these are separate from the Reserve funds and can be utilized to address a variety of known obligations such as escalating Pension cost, Other Post-Employment Benefits (OPEB), compensated absences, potential claims against the City, and providing operating contributions to funds with deficit balances at year end.

Utility Users Tax (UUT)

As noted above, this is the City's third (3rd) largest General Fund revenue source, bringing in an estimated \$2 million per year. Currently the UUT has a sunset date of December 2020. At the November 7, 2017 meeting, Council discussed placing a measure on the November 2018 ballot to seek renewal of the UUT. Authority was given to the City Manager to bring that measure forward, and a resolution to place the question on the November 2018 ballot is also before the Council this evening.

As is well known, the City cannot risk losing this vital General Fund revenue. As citizens express interest in the City maintaining and enhancing services, loss of this revenue would severely impact the City's ability to fund existing service levels. It goes without saying that the loss of approximately \$2 million from a \$14 million budget would result in decreased services. Although we cannot state exact service reductions that would be required, given the fact that over sixty-one percent (61%) of the General Fund expenditures are directed to public safety activities, those areas would likely be impacted. Any operational areas that receive General Fund contributions now, or will need them when their own fund balances are exhausted, would also need to be evaluated for reductions. Those include most of our Recreation activities and PCTV. Of course, it is never staff's interest to reduce any services to the Community. However, we must be forthcoming with the reality that a loss of revenues of this magnitude would be devastating. Rather than continuing to build a healthy and necessary General Fund reserve we would be forced to expend the reserve until service cuts and staffing reductions could be implemented.

Measure S 2006

The Measure S 2006 FY 2018-19 budget is projecting a deficit of \$449,666 to be addressed through use of fund balance reserves. These funds continue to support Police and Fire operations. The use of fund balance is the result of a carryover of a one-time allocation of \$50,000 to the Fire Department for apparatus repair, and a \$400,000 allocation for the purchase of a new reserve fire engine requested by Council at the May 29th Budget Workshop. The remaining fund balance is projected to be \$1,598,586 at June 30, 2019.

Measure S 2014

FY 2018-19 marks the fourth full year the City receives the Use Taxes from Measure S 2014. Appropriations for year four of the Five-Year Plan approved by City Council May 5, 2015, for the use of these funds has been incorporated into the Proposed FY 2018-19 Budget. The money is used to address some of the City's operational and

capital improvement needs. The Measure S 2014 budget is projecting positive net results for FY 2018-19 of \$94,937. Estimated fund balance is projected to be \$2,125,417 at June 30, 2019. Given the number of other high priority tasks staff has undertaken over the last couple of years, several of the planned CIP projects funded from Measure S 2014 have not been completed, leading to this higher than anticipated fund balance. Those allocations will be carried forward into the FY 2018-19 CIP when it is brought forward for Council consideration later this year. Those allocations will reduce the projected fund balance.

Wastewater Fund

The FY 2018-19 Sewer Enterprise and Wastewater is projecting an \$11,511 use of fund balance. This is the result of the addition of a one-time \$1.2 million allocation for the Hazel Street Pump Station upgrade project. Revenues will continue to exceed expenditures as rates increase under the long-term rate plan which is needed to fund the debt service on the State Revolving Fund loan needed to fund the Water Pollution Control Plant Upgrade Project. The estimated fund balance is projected to be \$11,377,005 at June 30, 2019.

Other Funds

Budget summaries for all funds are provided in the budget document on pages B-1 through B-9. Funds that are projecting a use of fund balance are provided on page A-21 of the Budget Overview.

Capital Funds

The City Council adopted a Five-Year Capital Improvement Plan on August 15, 2017. Staff anticipates returning to City Council on July 17, 2018 with a Proposed FY 2018-23 Five-Year Capital Improvement Plan with adoption on August 21, 2018.

Salary Forecasts

Included in the FY 2018-19 budget are projected wage increases for all represented and unrepresented employees per negotiated Union agreements as well as step and merit increases for employees who are not at the top of their salary range.

FISCAL IMPACT

The Proposed Budget is balanced for most funds with anticipated revenues projected to equal or exceed recommended expenditures. In some cases, fund balances are proposed to be used and additional information is provided.

ATTACHMENTS

The Proposed Budget is posted on the City's website at:

http://www.ci.pinole.ca.us/admin/docs/finance/Budget%20Proposed%202018-19 Combined.pdf (Attachment B revisions incorporated into this file)

Attachment A – Resolution Adopting the Proposed FY 2018-19 Budget

Attachment B – Revised sections of the Proposed FY 2018-19 Budget (No separate attachment)

Attachment C – June 19, 2018 PowerPoint Presentation

Attachment D – May 29th Budget Workshop PowerPoint

RESOLUTION NO. 2018-__

A RESOLUTION OF THE CITY OF PINOLE, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, ADOPTING THE FISCAL YEAR 2018-19 OPERATIONS BUDGET

WHEREAS, the City Manager has presented a Proposed Operations Budget which incorporates the second year of the Capital Improvement Plan and the Measure S 2014 Plan for the City of Pinole for Fiscal Year 2018-19; and

WHEREAS, the City Council has conducted a Public Hearing on the matter of the Fiscal Year 2018-19 Proposed Budget and has discussed the individual budgets with City staff members; and

WHEREAS, the City Council has solicited public input on the FY 2018-19 Proposed Budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pinole as follows:

Section I. The budget for the City of Pinole for Fiscal Year 2018-19 commencing July 1, 2018 and ending June 30, 2019 is hereby approved and adopted.

Section 2. That appropriations are established by fund as follows:

100	General Fund	\$13,972,590
105	Measure S 2006	2,396,266
106	Measure S 2014	1,851,663
200	Gas Tax	436,601
201	Restricted Real Estate Maintenance	37,175
203	Public Safety Augmentation Fund	151,406
204	Police Grants	274,003
205	Traffic Safety Fund	18,458
206	Supplemental Law Enforcement Services Fund	100,000
207	NPDES Storm Water Fund	318,173
209	Recreation Fund	1,155,666
212	Building and Planning Fund	1,039,853
213	Refuse Management Fund	116,508
215	Measure J Fund	200,581
285	Housing Fund	202,136
310	Lighting and Landscape Districts Fund	56,637
317	Pinole Valley Caretaker Fund	14,777
325	City Street Improvements Fund	200,000
377	Arterial Street Rehabilitation Fund	200,000
500	Sewer Enterprise Fund	6,948,843
503	Plant Expansion Fund	6,371,178
505	Cable Access TV Fund	424,546
750	Recognized Obligation Retirement Fund	250,000

TOTAL OPERATIONS BUDGET \$36,737,059

<u>Section 3.</u> That the appropriations established for FY 2018-19 by fund shall be allocated to individual departments as presented in Exhibit A (Budget Summaries). In addition, the unspent balance of capital projects authorized in the prior fiscal year are authorized to be carried over to fiscal year 2018-19.

<u>Section 4.</u> That the control point for expenditures is herein established at the functional department level for each department as set forth in Exhibit A (Budget Summaries).

<u>Section 5.</u> That authority is granted to each department manager under the direction of the City Manager to allocate specific line-item appropriations within the department control limits in the most cost effective manner that maintains or enhances the delivery of programs and services to the residents of the City of Pinole.

Section 6. That the Finance Director will prepare Quarterly Reports to the City Council reporting the budget performance to the control limits herein established.

<u>Section 7.</u> Estimated revenues and transfers anticipated to fund appropriations for expenditures for the 2018-19 Fiscal Year are presented in Exhibit A (Budget Summaries). Any changes to the established control limits will be subject to adoption by resolution of the City Council.

Section 8. All positions listed in the "City of Pinole Position Listing" (Exhibit B) are hereby authorized positions.

PASSED AND ADOPTED this 19th day June 2018, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

I hereby certify that the foregoing resolution was introduced, passed and adopted on this 19th day of June, 2018.

Posa G. Acceta

Rosa G. Acosta

City Clerk



FY 2018-19 Proposed Budget

June 19, 2018

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Agenda

- Recap FY 2018-19 Budget Planning
- Highlight Changes from May 29th Budget Workshop
- Highlight Funds Proposed for Adoption

Recap

- May 23, 2018 Finance Subcommittee
 - Proposed FY 2018-19 Budget Presented
 - Major General Fund Revenue Sources
 - Revenue Assumptions
 - Expenditures by Department
 - Expenditure Assumptions
 - Major Expenditure Changes Highlighted
 - Use of Fund Balance Presented
 - Operating Transfers Presented

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Recap Cont...

- May 29, 2018 City Council Budget Workshop
 - Proposed FY 2018-19 Budget Presented
 - Major General Fund Revenue Sources
 - Revenue Assumptions
 - Expenditures by Department
 - Expenditure Assumptions
 - Major Expenditure Changes Highlighted
 - Use of Fund Balance Presented
 - Operating Transfers Presented

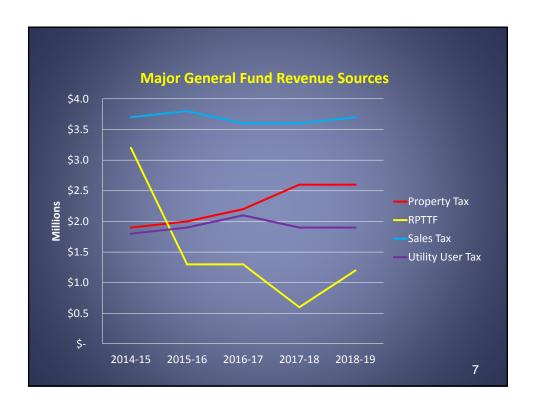
Recap Cont...

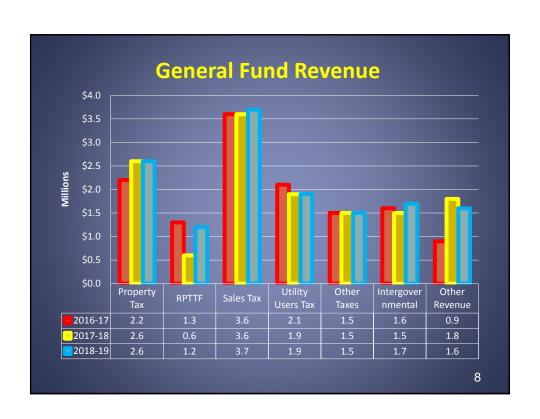
- Post May 29, 2018 City Council Budget Workshop
 - Council Requests Compiled
 - Proposed Changes Included
 - Fund Balances are included on the Budget Summaries
 - Five-Year Projections are included
 - Measure S 2014 Funding Plan is included

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Recap Cont...

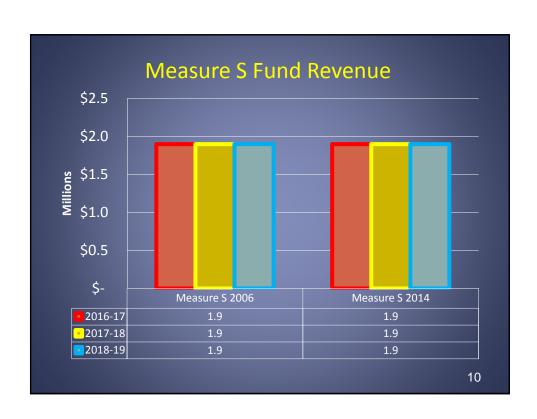
- Post May 29, 2018 City Council Budget Workshop
 - Transmittal Letter Included
 - Budget Overview included
- June 14, 2018 Pinole-Hercules Wastewater Subcommittee
 - Presented Proposed FY 2018-19 Sewer
 Operations budget





General Fund Expenditure Changes

- Total Expenditures: \$13,972,590
 - -(No changes)
 - -Per Council's request at the May 29th Budget Workshop, staff will return in six months to review and discuss the possibility of funding additional library hours.



Measure S 2014 Expenditure Changes

- Total Expenditures: \$2,396,266 (+\$400,000)
 - Fire Department = \$951,046
 - Increased \$400,000 (Funding to purchase a reserve fire engine)

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Total FY 2018-19 Proposed Budget

Fund #	Fund Name	Amount
100	General Fund	\$13,972,590
105	Measure S 2006	2,396,266
106	Measure S 2014	1,851,663
200	Gas Tax	436,601
201	Restricted Real Estate Maintenance	37,175
203	Public Safety Augmentation Fund	151,406
204	Police Grants	274,003
205	Traffic Safety Fund	18,458
206	Supplemental Law Enforcement Svcs Fund	100,000
207	NPDES Storm Water Fund	318,173
209	Recreation Fund	1,155,666
212	Building and Planning Fund	1,039,853

Fund #	Fund Name	Amount
213	Refuse Management Fund	116,508
215	Measure J Fund	200,581
285	Housing Fund	202,136
310	Lighting and Landscape Districts Fund	56,637
317	Pinole Valley Caretaker Fund	14,777
325	City Street Improvements Fund	200,000
377	Arterial Street Rehabilitation Fund	200,000
500	Sewer Enterprise Fund	6,948,843
503	Plant Expansion Fund	6,371,178
505	Cable Access TV Fund	424,546
750	Recognized Obligation Retirement Fund	250,000
	Total Operations Budget \$3	6,737,059

Questions and Discussion



City of Pinole

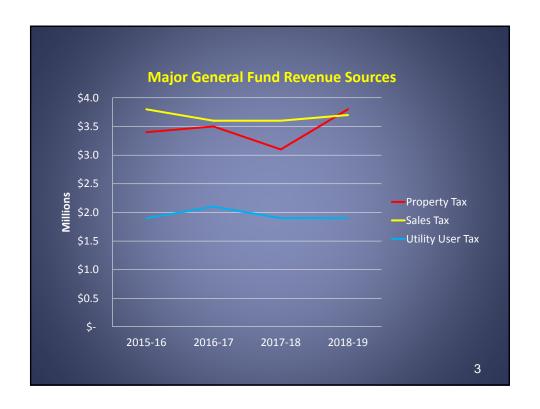
FY 2018-19 Proposed Budget

May 29, 2018

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Agenda

- Proposed FY 2018-19 Budget
 - General Fund
 - Major Revenue Sources
 - Expenditures by Department
 - Expenditure Changes
 - General Reserve & Unfunded Liabilities
 - Use of Fund Balance
 - Measure S Funds
 - Other Funds
 - Recreation
 - Cable Access TV
 - Building & Planning
 - Sewer Enterprise
 - Questions



General Fund Revenue Assumptions

- Total Revenue: FY 2018-19 \$14,278,499
 - Property Tax
 - Increased 17.1% to \$3.8 million [1]
 - Sales Tax
 - Increased 1.3% to \$3.7 million [1]
 - Utility Users Tax (UUT)
 - Increased 0.9% to \$1.9 million [2]
 - Franchise Tax
 - Increased 4.3% to \$744 thousand [2]
 - Intergovt'l Revenue
 - Increased 11.3% to \$1.7 million [3]

[1]Based on 95% of HdL estimates

[2]Based on 3-years of historical averages

[3]Includes Motor Vehicle Fees Based on 95% of HdL estimates

General	Fund Ex	(penditu	res
Department	FY 2017-18	FY 2018-19	Change
City Council	113,248	130,636	17,388
City Manager	110,668	141,871	31,203
City Clerk	236,016	226,183	-9,833
City Treasurer	8,444	11,434	2,990
City Attorney	215,775	96,820	-118,955
Finance	401,812	455,345	53,533
Human Resources	310,609	389,020	78,411
General Government	1,430,137	1,451,337	21,200
Police Department	5,616,012	5,906,848	290,836
Fire Department	2,575,750	2,978,161	402,411
Public Works	864,201	819,410	-12,162
Community Development	67,467	82,587	15,120
Debt Service	768,300	783,300	15,000
Transfers Out	133,566	499,638	366,072
Total	12,852,005	13,972,590	1,120,585

Expenditure Assumptions

- Vacant positions are budgeted at Step 2 of the salary schedule, and includes benefits based on the Kaiser family rate
- Personnel that are not currently at the top step are projected at the next step, inclusive of unrepresented employees
- Includes 3% MOU increases

General Fund Expenditure Changes

- City Council
 - Increase to reflect additional costs to record City Council meetings by PCTV \$17,060
- City Manager
 - Increase in salary and benefit costs
- City Clerk
 - Reduction of \$3,000 in legal charges and \$4,950 of PMC codification updates

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General Fund Expenditure Changes cont.

- City Treasurer
 - Increase in benefit costs and reduction in personnel cost allocated to other funds
- City Attorney
 - Net decrease of \$118,955; includes reduction in estimated PALC sales costs which will be billed back to PALC, charges to other funds, and reduction of \$50,000 for labor related legal expenses reflected in Human Resources Department.

General Fund Expenditure Changes cont.

- Finance
 - Increase in salary and benefit costs
 - Conversion of P/T Intern to P/T Accounting Tech \$7,550
- Human Resources
 - Increase in salary and benefit costs
 - Increase in labor related attorney services \$50,000 offset by reduction in City Attorney budget
- General Government
 - Increase in salary and benefit costs
 - Architectural design cost for Faria House \$50,000 carryover

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General Fund Expenditure Changes cont.

- General Government Employee Benefits
 - Reflects benefit assumptions of:
 - 5% increase for Workers Comp
 - 5% increase for ERMA (pooled and excess)
 - 5% increase for General Liability
 - 5% increase for Property Coverage
 - 5% increase for Vehicle Damage
 - 6.57% increase in employer PERS contribution rate for Miscellaneous employees
 - 6.57% increase in employer PERS contribution rate for Safety employees

General Fund Expenditure Changes cont.

- General Government Employee Benefits cont.
 - Reflects benefit assumptions of:
 - 5% increase for Medical
 - 3% increase for Dental
 - 3% increase for Vision
 - 5% increase for Life/AD&D
 - 5% increase for Long Term Disability

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General Fund Expenditure Changes cont.

- Police Department
 - Increase in salary and benefit costs
 - Increase in EBRCSA contract costs
 - New Dispatch workstations and universal power supply \$27,000 (cost to be shared with Hercules)

General Fund Expenditure Changes cont.

- Fire Department
 - Increase in salary and benefit costs
 - Administrative consultant added \$141,000
 - CCC Fire District dispatch increased \$8,445
 - CSG fire prevention consultants increased \$40,000
 - Increase in weed abatement cost \$15,000
 - EBRCSA radio costs added \$16.704
 - Station alert package and dorm room privacy/separation project carry over \$24,630

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General Fund Expenditure Changes cont.

- Public Works
 - Established new Road Maintenance division separating road maintenance from facility maintenance
 - Increase in salary and benefit costs
- Community Development
 - Established new Code Enforcement division
 - Moved Building Inspector/Code Enforcement Officer from Planning/Building to General Fund with 50% allocated to Building fund

General Reserve

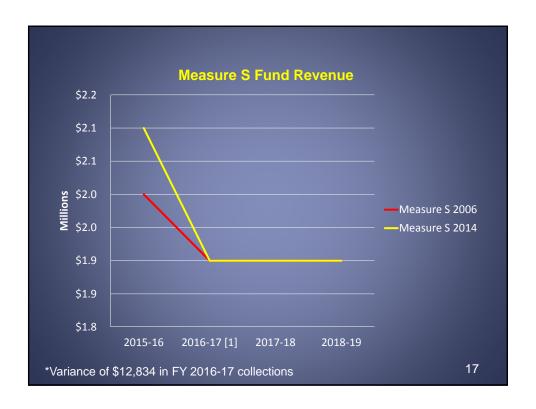
- The General Fund Reserve balance at June 30, 2017 is \$2,199,672
- The Proposed FY 2018-19 includes a \$200,000 transfer from Measure S 2014 to the General Reserve

15

Use of Fund Balance

The operating budget includes using reserve and carryover funds accumulated from prior years in the following funds in order to offset anticipated deficit spending and/or to appropriate fund balances for one time expenditures in FY 2018-19

Fund	Amount
Measure S 2006 Fund	-49,666
NPDES Fund	-2,405
Building and Planning Fund	-271,803
Refuse Management	-56,448
Housing Fund	-84,383
Lighting and Landscape District	-8,072
Sewer Enterprise Fund	-11,511
Total	-484,288



Measure S Revenue

- Total Revenue: FY 2018-19
- \$3,890,000
- Measure S 2006 Use Tax
 - -Increased 1.4% to \$1.9 million*
- Measure S 2014 Use Tax
 - -Increased 1.4% to \$1.9 million*

*Based on 95% of HdL estimates

Measure S 2006 Expenditures

Department	FY 2017-18	FY 2018-19	Change
Police Department	1,702,837	1,445,220	-257,617
Fire Department	854,949	551,046	-303,903
Total	2,557,786	1,996,266	-561,520

- Police Department
 - Funding for Dispatch upgrades in FY 2017-18 reduced
 - Dispatch overtime moved to General Fund
- Fire Department
 - Allocated 55% of Battalion Chief salary to General Fund
 - Overtime reduced
 - Funding for reserve apparatus carry forward \$50,000

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Measure S 2014 Expenditures

Department	FY 2017-18	FY 2018-19	Change
City Attorney	45,000	0	-45,000
Finance	5,000	4,865	-135
General Government	125,000	145,000	20,000
Information Systems	150,000	125,000	-25,000
Police Department	129,554	106,306	-23,248
Fire Department	359,760	314,663	-45,097
Public Works	444,412	448,829	4,417
Recreation	7,000	0	-7,000
Transfers Out	775,000	707,000	-68,000
Total	2,040,726	1,851,663	-189,063

Measure S 2014 Expenditure Changes cont.

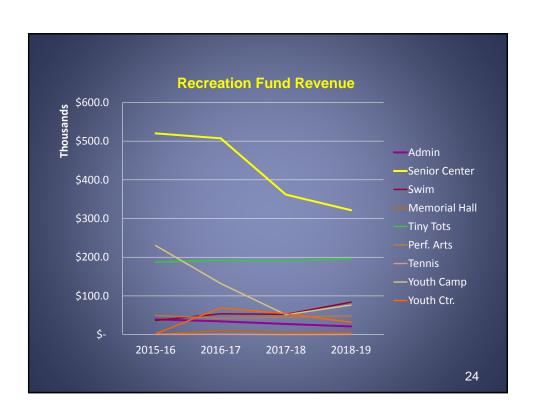
- City Attorney
 - Reflects reduction of \$45,000 for Municipal Code updates completed in current fiscal year
- Information Systems
 - Reflects funding for:
 - Records Management System \$80,000 carry over
 - Recreation auxiliary equipment for system upgrade \$39,000
 - Recreation computers \$6,000
- Police
 - Reflects \$50,000 carryover for EOC safety plan

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Measure S 2014 Expenditure Changes cont.

- Fire Department
 - Benefits reduced (PEPRA employee)
- Public Works
 - Reflects funding for:
 - Facility improvements \$35,000
 - Soccer field maintenance \$10,000
 - Park benches & tables \$5,000
 - Resurface Senior Center parking lot \$30,000
 - Replace traffic signs \$20,000
 - Tree and sidewalk maintenance \$40,000

TRANSFER OUT - FUND	AMOUNT	TRANSFER IN - FUND	PURPOSE
General Fund	2,500	Light & Land Fund	Fund Business Assistance Program
General Fund	2,500	Light & Land Fund	Fund Business Assistance Program
General Fund	123,736	Cable Television Fund	Cable Television Contribution
General Fund	370,902	Recreation Fund	Recreation one-time Contribution
Subtotal Transfers from the General Fund	499,638		
Measure S 2014 Fund	200,000	General Reserve Fund	General Fund reserve
Measure S 2014 Fund	200,000	City Street Fund	Funding for Future Street Projects
Measure S 2014 Fund	200,000	2014 Arterial Street Project Fund	Fund Portion of 2014 Arterial Sts Projects
Measure S 2014 Fund	45,000	Recreation Fund	Swim Center Contribution
Measure S 2014 Fund	55,000	Cable Television Fund	Cable Television Contribution
Subtotal Transfers from Measure S 2014	707,000		23



Recreation Fund Revenue

• Total Revenue: FY 2018-19

\$732,764

- Recreation Admin
 - -Decreased \$13,500
- Senior Center
 - -Decreased \$40,200
- Day Camp
 - -Decreased \$22,141

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Recreation Fund Revenue

	2015-2016	2016-2017	2017-2018 Revised	2017-2018 Actual Thru Mar-	2018-2019
	Actual	Actual	Budget	18	Proposed
und: 209 - Recreation Fund					
Revenue					
Division: 551 - Recreation Administration Total:	39,105	34,136	27,500	19,844	14,000
Division: 552 - Senior Center Total:	373,125	461,156	361,700	267,387	321,500
Division: 553 - Tiny Tots Total:	187,548	192,118	191,557	139,444	195,589
Division: 554 - Youth Center Total:	230,297	132,005	51,297	45,681	76,375
Division: 555 - Day Camp Total:	2,000	69,008	54,141	31,486	32,000
Division: 556 - Performing Arts Total:	49,464	(2,702)	45,270	47,344	48,280
Division: 557 - Swim Center Total:	654	53,659	7,500	28,020	38,920
Division: 558 - Memorial Hall Total:	-	10,470	5,600	1,250	5,600
Division: 559 - Tennis Total:	440	714	200	290	500
Revenue Total:	882,634	950,565	744,765	580,747	732,764
399 - Transfers In	182,839	91,000	45,000	-	422,902
Sources Total:	1,065,473	1,041,565	789,765	580,747	1,155,666

Recreation Fund Expenditures

Program	FY 2017-18	FY 2018-19	Change
Recreation Administration	188,626	192,844	4,218
Senior Center	429,591	470,458	40,867
Tiny Tots	114,304	119,030	4,726
Youth Center	165,235	202,913	37,678
Day Camp	38,428	37,572	-856
Performing Arts	40,007	43,950	3,943
Swim Center	38,691	80,811	42,120
Memorial Hall	4,838	4,838	0
Tennis	3,495	3,250	-245
Total	1,023,215	1,155,666	132,451

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Recreation Fund Net by Program

Program	Revenue	Expenditures	Net
Recreation Administration	14,000	192,844	-178,844
Senior Center	321,500	470,458	-148,958
Tiny Tots	195,589	119,030	76,559
Youth Center	76,375	202,913	-126,538
Day Camp	32,000	37,572	-5,572
Performing Arts	48,280	43,950	4,330
Swim Center	38,920	80,811	-41,891
Memorial Hall	5,600	4,838	762
Tennis	500	3,250	-2,750
Total	732,764	1,155,666	-422,902

*General Fund operating contribution of \$370,902, Measure S 2014 Swim Center contribution of \$45,000, and Measure S 2014 events contribution of \$7,000 operating transfer is included

Recreation Expenditure Changes

- Recreation Administration
 - Salary and benefits increased
 - IS Charges increased
- Senior Center
 - Salary and benefits increased
 - Flooring and chair replacement projects added \$22,805
- Tiny Tots
 - Salary and benefits decreased
 - Bank credit card convenience fees added \$5,000

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Recreation Expenditure Changes Cont.

- Youth Center
 - Salary and benefits increased
 - Increased hours and decreased number of positions
 - Increase in Maintenance and Structure Improvements
- Youth Camp
 - Decrease in field trip expenses and staff allocations for trips

Recreation Expenditure Changes Cont.

- Performing Arts
 - Increase in Maintenance and Structure Improvements and supplies/materials
- Swim Center
 - Increase in operations contract
- Memorial Hall
 - Increase in Maintenance and Structure Improvements

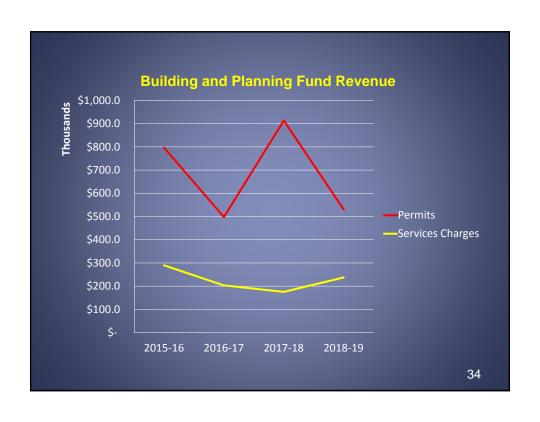
31

Cable Access TV Fund Revenue

		2015-2016	2016-2017	2017-2018 Revised	2017-2018 Actual Thru Mar-	2018-2019	
		Actual	Actual	Budget	18	Proposed	Notes
Fund: 505 - Cable Access TV							
Revenue							
314 - Franchise Taxes		44,070	45,713	36,788	18,988	40,000	
36501 - Video Production		108,251	87,337	119,585	32,455	147,810	[1]
36502 - PEG Fees		46,213	57,874	59,000	54,190	58,000	[2]
384 - Other Revenue		17,899	4,550	2,100	630		
399 - Transfers In		55,000	96,364	183,566		178,736	[3]
	Revenue Total:	271,432	291,838	401,039	106,264	424,546	

- [1] Inclusive of \$45,360 for City Council and \$19,440 for Planning Commission meetings.
 [2] PEG Access Fees are only available for capital equipment.
 [3] Refer to Schedule of Transfers on B-11 for details.

Cable Access TV Expenditures				
Department	FY 2017-18	FY 2018-19	Change	
Cable Access TV	399,091	424,546	25,455	
Total	399,091	424,546	25,455	
 Salary and benefit increases Equipment cost \$58,000 [1] 				
[1] Funded from PEG Access Fees.				



Building and Planning Fund Revenue

• Total Revenue: FY 2018-19

\$768,050

- Major Revenue Sources
 - Permits
 - Decreased 72% to \$530,750
 - Service Charges
 - Increased 27% to \$237,300

35

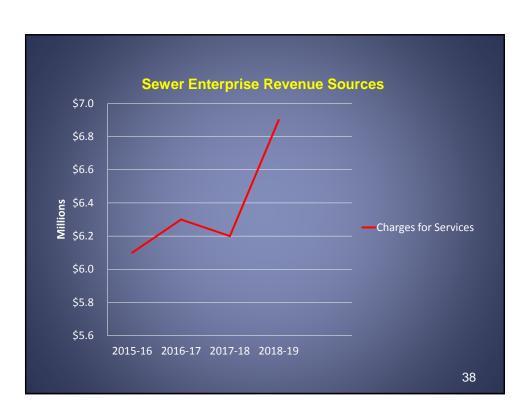
Planning and Building Expenditures

Department	FY 2017-18	FY 2018-19	Change
Planning	441,719	355,014	-86,705
Building	990,348	684,839	-305,509
Total	1,432,067	1,039,853	-392,214

- Planning Changes
 - Salary and benefit increases
 - Reduced Contract Services \$117,660
 - Includes: Removed Environmental Review (\$75,000), Reduced Contract Planner (\$20,000)
 - Carry forward Parking Study (\$25,000) and Nexus Fee Study costs (\$20,000)
 - Increase in cost of PCTV to record PC meetings \$7,000

Planning and Building Expenditures

- Building Changes
 - Salary and benefit increases
 - Building Inspector/Code Enforcement position moved to General Fund with 50% allocated to Building Department
 - Decrease in Professional Services
 - Contract Inspector and Plan Check services



Sewer Enterprise Revenue & Expenses

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUE:	ACTUAL	ACTUAL	REV BUDGET	PROPOSED
Charges for Services-Sewer Usage Fees	4,739,390	4,954,031	4,913,704	5,217,654
Charges for Services-Sewer Plant-Hercules	1,377,854	1,328,906	1,328,906	1,719,678
Other Revenue	30,349	1,645	10,250	0
TOTAL SEWER ENTERPRISE REVENUE	6,147,593	6,284,582	6,252,860	6,937,332
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
EXPENSES:	ACTUAL	ACTUAL	REV BUDGET	PROPOSED
Sewer Treatment Plant	3,803,755	3,714,255	3,896,162	4,037,317
Sewer Collection	604,968	657,209	1,122,838	2,385,251
WPCP Equipment & Debt Service	910,225	413,216	526,948	526,275
TOTAL SEWER ENTERPRISE EXPENSES	5,318,947	4,784,679	5,545,948	6,948,843

*Sewer Treatment is allocated to Hercules approximately 50% based on flow data not including equipment replacement costs.

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Sewer Enterprise Expenditure Changes

- Sewer Treatment Plant
 - Salary and benefit increases
 - Revenue reflects Wastewater Fee model update
 - Sewer Collections includes one-time Hazel Street
 Pump Station project \$1,200,000

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Pension Liabilities

- PERS Unfunded Liabilities as of June 30, 2016 Data:
 - Safety = \$16,500,000
 - Miscellaneous = \$13,700,000
 - Total = \$30,200,000
- 2006 Pension Obligation Bonds Data:
 - \$6.2 million borrowed & paid to PERS
 - Principle = \$3.7 million approximately
 - Interest = \$9.3 million approximately
- Plan to address this debt is critical before our payment obligations outpace available revenue.

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Questions and Discussion

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DATE: JUNE 19, 2018

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: ERIC S. CASHER, CITY ATTORNEY

COPY: MICHELLE FITZER, CITY MANAGER

SUBJECT: ADOPT RESOLUTION AUTHORIZING THE SUBMISSION TO

VOTERS OF A BALLOT MEASURE SEEKING VOTER AUTHORIZATION TO AMEND MUNICIPAL CODE CHAPTER 3.26 TO EXTEND THE TERM OF THE CITY'S EXISTING UTILITY USERS TAX WITHOUT A RATE INCREASE AT THE REGULARLY SCHEDULED NOVEMBER 6, 2018 STATEWIDE GENERAL

ELECTION

RECOMMENDATION

It is recommended that the City Council adopt a resolution authorizing the submission to voters of a ballot measure seeking voter authorization to amend Municipal Code Chapter 3.26 to extend the term of the City's existing Utility Users Tax ("UUT") without a rate increase at the regularly scheduled November 6, 2018 statewide general election.

BACKGROUND

The UUT was approved by Pinole voters in 1998, and went into effect on December 1st of that year. Municipal Code Chapter 3.26 contains the City's existing UUT tax of eight percent (8%). The UUT is paid by recipients of telephone, electric and gas utility services, and is collected by the utilities as part of regular billing. The utilities then remit the tax revenue to the City. Pinole voters have approved extensions of the UUT in 2004 and 2012. Under current law, the UUT will be automatically repealed on December 31, 2020 unless extended by the voters.

The UUT currently raises approximately two million dollars (\$2,000,000) annually for the City of Pinole's General Fund, which is equivalent to roughly fourteen percent (%14) of the City's General Fund Budget. The UUT tax revenue is used to support a wide range of City services including police and fire protection, 9-1-1 emergency services, park maintenance and repair, youth and senior recreation services, and other community services.

DISCUSSION

The proposed resolution, if adopted by the City Council, will direct submission of a measure to the voters of the City of Pinole to decide whether or not to extend the City's existing eight percent (8%) UUT until voters otherwise decide (the "Measure"). Codified as Chapter 3.26 of the Municipal Code, the UUT raises a significant amount of revenue for the City's General Fund, as described above. This revenue funds, among other things, Police and Fire protection, 9-1-1 emergency services, park maintenance and repair, youth and senior recreation services, and other community services. Importantly, this locally generated revenue is also locally controlled, and cannot be taken by the State to balance the State budget.

Since the Great Recession a decade ago, the City of Pinole has cut costs and reduced the City's workforce in order to balance the City's budget. The City is a prudent manager of tax revenue, and strives to provide public services in the most fiscally responsible and efficient manner possible. Extension of the UUT is critical to ensure the City's continued financial health.

If the Measure does not pass, the existing UUT will remain in effect until December 31, 2020. However, after that date, the UUT will expire, which would result in a significant decrease in General Fund revenue for the City. Ultimately, that loss of revenue would result in the reduction of critical services to Pinole citizens, including public safety and recreation services.

As set forth in the proposed resolution, the ballot language shall state:

"Extension of Locally Controlled Funding Measure

Without raising current tax rates, and to maintain City services including Police and Fire protection, 9-1-1 emergency services, park maintenance and repair, youth and senior recreation services, other community services, and for unrestricted general revenue purposes, shall an ordinance be adopted to continue the existing Utility Users Tax at the current rate of 8%, until voters otherwise decide, providing approximately \$2,000,000 annually that cannot be taken by the State?"

The UUT is a general tax, which means that, under existing law, the Measure to extend the UUT requires approval from a majority of voters casting a vote on the Measure. However, there is a proposed amendment to the California Constitution that is likely to be voted on by California voters as part of the November 2018 election. If adopted, that constitutional amendment would require two-thirds voter approval for the enactment, increase or extension of all taxes, including general taxes. This constitutional amendment would be retroactive to all taxes enacted or extended after January 1, 2018. Accordingly, if this constitutional amendment passes, the Measure to extend the UUT would require approval from two-thirds of voters to pass.

The proposed resolution requests that the Contra Costa County Registrar of Voters consolidate the Measure with the regularly scheduled statewide general election on November 6, 2018. The City will have to reimburse the Registrar of Voters for its costs in placing the Measure on the November 6, 2018 ballot. Those costs are estimated to be approximately three thousand dollars (\$3,000).

The proposed resolution instructs the City Clerk to take all action necessary and required by law to ensure the Measure appears on the November 6, 2018 ballot, and to coordinate with the County Registrar of Voters as appropriate. Additionally, the resolution instructs the City Attorney to prepare an impartial analysis of the Measure.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The approval of this resolution is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., "CEQA," and 14 Cal. Code Reg. §§ 15000 et seq., "CEQA Guidelines"), based on the general rule set forth in CEQA Guidelines Section 15061(b)(3) that CEQA applies only to projects which have the potential for causing a significant effect on the environment.

FISCAL IMPACT

If the measure is approved by the voters, the extension of the UUT is estimated to generate approximately two million dollars (\$2,000,000) annually in revenue for the General Fund. Additionally, the City will be responsible for reimbursing the Contra Costa County Registrar of Voters for the cost of placing this Measure on the November 6, 2018 Ballot. That cost is estimated to be approximately three thousand dollars (\$3,000).

ATTACHMENTS

Attachment A: Resolution Authorizing Submission of Measure to Voters
Attachment B: Text of Ordinance Extending Term of Utility Users Tax

2965390.2

ATTACHMENT A

RESOLUTION NO. 2018-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PINOLE AUTHORIZING THE SUBMISSION TO VOTERS OF A BALLOT MEASURE SEEKING VOTER AUTHORIZATION TO AMEND MUNICIPAL CODE CHAPTER 3.26 TO EXTEND THE TERM OF THE CITY'S EXISTING UTILITY USERS TAX WITHOUT A RATE INCREASE AT THE REGULARLY SCHEDULED NOVEMBER 6, 2018 STATEWIDE GENERAL ELECTION

- **WHEREAS**, the California Constitution, Article XI, Section 5, authorizes the City to levy a Utility Users Tax ("UUT"); and
- **WHEREAS**, Chapter 3.26 of the Pinole Municipal Code establishes a UUT of eight percent (8%) within the City of Pinole; and
- **WHEREAS,** the UUT is paid by recipients of telephone, electric and gas utility services, collected by the utilities as part of regular billing, and remitted to the City; and
- **WHEREAS,** the UUT will be automatically repealed on December 31, 2020; and
- **WHEREAS,** the UUT raises approximately two million dollars (\$2,000,000) annually, which is equivalent to roughly fourteen percent (14%) of the City's General Fund Budget; and
- **WHEREAS,** revenue generated by the UUT is essential for funding many City services, including Police and Fire protection, 9-1-1 emergency services, park maintenance and repair, youth and senior recreation services, and other community services; and
- **WHEREAS**, the City prudently manages revenues generated from tax payers, and in the last decade has implemented budget cuts and staff reductions to address revenue deficits while maintaining essential services; and
- **WHEREAS**, the City desires to maintain critical and essential services for the community; and
- **WHEREAS,** the City Council has determined that the expiration of the UUT would result in the reduction of critical and essential services to its citizens; and
- **WHEREAS**, the UUT became effective on December 1, 1998 and has been extended by voters in 2004 and 2012; and

WHEREAS, revenues generated by this voter-approved funding source are locally controlled and cannot be taken by the State; and

WHEREAS, the voters of the City of Pinole have the authority to extend the term of the UUT; and

WHEREAS, the City Council desires to give the voters of the City of Pinole the opportunity at the regularly scheduled November 6, 2018 election to decide whether or not to extend the term of the City's existing UUT without a rate increase.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pinole that:

<u>Section 1</u>. The foregoing recitals are true and correct and hereby incorporated by reference.

<u>Section 2</u>. The City Council is authorized to present a proposition to the voters for their consideration pursuant to Government Code Section 36502 and Elections Code Section 9222.

Section 3. The City Council hereby calls an election at which it shall submit to the qualified voters of the City of Pinole a measure that, if approved, will extend the term of the UUT, without a rate increase, until voters otherwise decide. This measure shall be designated by letter by the Contra Costa County Registrar of Voters. Pursuant to Election Code Section 10400 *et seq.*, the election for this measure shall be consolidated with the established election to be conducted on November 6, 2018.

Section 4. The ballot language for the proposed measure shall be as follows:

"Extension of Locally Controlled Funding Measure	YES	
Without raising current tax rates, and to maintain City services including Police and Fire protection, 9-1-1 emergency services, park maintenance and repair, youth and		
senior recreation services, other community services, and for unrestricted general revenue purposes, shall an ordinance be adopted to continue the existing Utility Users Tax at the current rate of 8%, until voters otherwise decide, providing approximately \$2,000,000 annually that cannot be taken by the State?"	NO	

<u>Section 5</u>. The full text of the proposed measure to be submitted to the voters is attached as <u>Exhibit A</u> (the "Measure") hereto. If the majority of qualified voters voting on the Measure vote in favor therefore, or as otherwise required by the California Constitution, the Measure shall be deemed adopted and shall be in full force and effect ten (10) days after the date the vote is declared by the City Council of the City of Pinole.

<u>Section 6</u>. The City Clerk is hereby directed to cause notice of the measure to be published once in a newspaper of general publication in the City, in accordance with Section 12111 of the Elections Code and Section 6061 of the Government Code.

<u>Section 7.</u> The City Council hereby requests that the Contra Costa County Board of Supervisors consolidate the election called by this resolution with the statewide election to be conducted on November 6, 2018 and order the election to be conducted by the Registrar of Voters. The election shall be held in all respects as if there were only one election. The City of Pinole acknowledges that the consolidated election will be held and conducted in the manner prescribed in Elections Code Section 10418. The City of Pinole recognizes that the County will incur additional costs because of this consolidation and agrees to reimburse the County for those costs. The City Manager is hereby authorized and directed to expend the necessary funds to pay for the City's cost of placing the measure on the election ballot.

<u>Section 8</u>. The City Clerk is authorized, instructed and directed to work with the Office of the Registrar of Voters as needed in order to properly and lawfully conduct the election. The ballots to be used in the election shall be in form and content as required by law. The Office of the Registrar of Voters is authorized to canvass the returns of the general municipal election. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections. The City Clerk is directed to file a certified copy of this resolution with the Board of Supervisors of Contra Costa County and the Registrar of Voters of Contra Costa County.

Section 9. The schedule and requirements for arguments and the City Attorney's impartial analysis is as follows:

- a. The last day for submission of primary arguments for or against the measure shall be by 5:00 p.m. on August 22, 2018.
- b. The last day for submission of rebuttal arguments for or against the measure shall be by 5:00 p.m. on August 27, 2018.
- c. Primary arguments shall not exceed three hundred (300) words and shall be signed by not more than five persons.

- d. Rebuttal arguments shall not exceed two hundred fifty (250) words and shall be signed by not more than five persons; those persons may be different persons than the persons who signed the primary arguments.
- e. Pursuant to California Elections Code Section 9280, the City Council hereby directs the City Clerk to transmit a certified copy of the measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on the existing law and the operation of the measure, and file the impartial analysis with the City Clerk by July 3, 2018.
- f. Pursuant to California Elections Code Section 9285, when the City Clerk has selected the arguments for and against the measure, which will be printed and distributed to the voters, the City Clerk shall send copies of the argument in favor of the measure to the authors of the argument against, and copies of the argument against to the authors of the argument in favor. Rebuttal arguments shall be printed in the same manner as the primary arguments. Each rebuttal argument shall immediately follow the primary argument, which it seeks to rebut.

Section 10. The jurisdictional boundaries of the City of Pinole have not changed since the last general municipal election.

<u>Section 11</u>. The approval of this resolution is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., "CEQA," and 14 Cal. Code Reg. §§ 15000 et seq., "CEQA Guidelines"), based on the general rule set forth in CEQA Guidelines Section 15061(b)(3) that CEQA applies only to projects which have the potential for causing a significant effect on the environment. This resolution places a measure on the ballot that, if approved, extends the term of the UUT, without a rate increase, until voters otherwise decide; thus, it can be said with certainty that there is no possibility that this Ordinance will have a significant effect on the environment.

PASSED	AND AD	DOPTED at a regular meeting of the Pinole City	Council
held on the	_ day of _	2018 by the following vote:	

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ATTACHMENT A

I hereby certify that the foregoing resolut and adopted on this day of	
APPROVED AS TO FORM:	
Eric S. Casher City Attorney	
ATTEST:	
Rosa G. Acosta City Clerk	

2964842.3

ORDINANCE NO. 2018-____

AN ORDINANCE OF THE CITY OF PINOLE AMENDING CHAPTER 3.26 OF THE PINOLE MUNICIPAL CODE RELATING TO THE UTILITY USERS TAX

- **WHEREAS**, the California Constitution, Article XI, Section 5, authorizes the City to levy a Utility Users Tax ("UUT"); and
- **WHEREAS**, Chapter 3.26 of the Pinole Municipal Code establishes a UUT of eight percent (8%) within the City of Pinole; and
- **WHEREAS**, the UUT is paid by recipients of telephone, electric and gas utility services, collected by the utilities as part of regular billing, and remitted to the City; and
- WHEREAS, the UUT will be automatically repealed on December 31, 2020; and
- WHEREAS, the UUT raises approximately two million dollars (\$2,000,000) annually, which is equivalent to roughly fourteen percent (%14) of the City's General Fund Budget; and
- **WHEREAS,** revenue generated by the UUT is essential for funding many City services, including Police and Fire protection, 9-1-1 emergency services, park maintenance and repair, youth and senior recreation services, and other community services; and
- **WHEREAS**, the expiration of the UUT would result in the reduction of critical services to Pinole citizens; and
- **WHEREAS**, the UUT became effective on December 1, 1998 and has been extended by voters in 2004 and 2012; and
- **WHEREAS,** revenues generated by this voter-approved funding source are locally controlled and cannot be taken by the State; and
- **WHEREAS**, the people of the City of Pinole desire to extend the term of the UUT, without a rate increase, until voters otherwise decide.

NOW, THEREFORE, the People of the City of Pinole do ordain as follows:

Section 1. Recitals.

The above recitals are true and correct and made a part of this Ordinance.

Section 2. <u>Municipal Code Amendment.</u>

Section 3.26.180, "Repeal of Chapter" of the Pinole Municipal Code is hereby amended to read as follows (deletions in strikethrough; additions in *italics*):

3.26.180 Repeal of Chapter

This chapter shall remain in full force and effect until voters otherwise decide. automatically be repealed on December 31, 2020, unless amended pursuant to Section 3.26.170.

Section 3. Severability.

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of this ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this ordinance are severable.

Section 4. <u>Codification</u>. Upon adoption of this ordinance pursuant to the voter approval referenced above, the City Clerk, in consultation with the City Attorney, is hereby authorized and directed to codify this ordinance in the Pinole Municipal Code.

Section 5. <u>Effective Date.</u>

In accordance with Elections Code Section 9217, if approved by a majority of the voters, or as otherwise required under the California Constitution, this ordinance shall be in full force and effect ten (10) days after the date the vote is declared by the City Council of the City of Pinole.

Section 6. Publication.

Within fifteen (15) days after the passage of this ordinance the City Clerk shall cause this ordinance or a summary thereof to be published or to be posted in at least three public places in the City of Pinole in accordance with the requirements of California Government Code Section 36933.

ATTACHMENT B

IT IS HEREBY CERTIFIED that the foregoing Ordinance was APPROVED by the following vote of the People of the City of Pinole on November 6, 2018: Yes: _____ No: ____ Total: ____ IT IS HEREBY FURTHER CERTIFIED that the foregoing Ordinance was adopted by Declaration of the November 6, 2018 election results by the City Council of the City of Pinole on ______, 2018, by the following vote, to wit: AYES: NOES: ABSENT: ABSTAIN: Timothy Banuelos, Mayor ATTEST: Rosa Acosta, City Clerk APPROVED AS TO FORM: Eric S. Casher City Attorney

2964839.2



Ballot Measure to Extend Utility Users Tax

Eric S. Casher, City Attorney

Background

- Municipal Code establishes a Utilities User Tax ("UUT") of 8% within the City of Pinole
- UUT is paid by recipients of telephone, electric and gas utility services, collected by the utilities as part of regular billing, and remitted to the City
- Low-income households are eligible for exemption from the UUT

City Use of UUT

- UUT raises approximately \$2,000,000 per year, which is approximately 14% of the City's General Fund Budget
- UUT is critical for funding services paid for by the General Fund:
 - Police and fire protection, park maintenance & repair, youth & senior recreation services
 - Helps fund 14.5 FTE, including Public Safety positions

Status of UUT

- UUT became effective on December 1, 1998
- Voters extended the UUT in 2004 and 2012
- UUT will be automatically repealed on December 31, 2020 unless extended by voters

Process For Extending UUT

- · Voter approval required
- City Council must adopt resolution directing that proposed ordinance amending Municipal Code to extend UUT be submitted to voters
- City Council may consolidate the election with regularly scheduled November 2018 general election, and have County administer election

Voter Approval

- Under current law, because the UUT is a general tax, it must be approved by a simple majority of voters
- Proposed constitutional amendment would require 2/3 voter approval for all taxes
- If passed by voters in November, this requirement would be retroactive to January 1, 2018, and would apply to UUT extension

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Proposed Resolution

- Submits to voters a proposed ordinance extending UUT at its current rate until repealed by voters
 - Proposed ordinance does not change any other aspects of existing UUT, including exemptions
- Places the measure on the November 2018 ballot, and requests County administer election
- Established deadlines for submission of ballot arguments

Fiscal Impact

- Staff recommends County administration of the ballot measure
- Rough estimate of \$3,000 to cover cost of:
 - voter information pamphlet;
 - county costs for administration
- If approved, UUT is estimated to continue to generate \$2,000,000 in revenue

Questions and Discussion



3



CITY OF PINOLE

2131 Pear Street Pinole, CA 94564 Phone: (510) 724-9010 FAX: (510) 724-9826 www.ci.pinole.ca.us

September 24, 2018

Greetings,

In June 2018 the City of Pinole sent a notice regarding a new ordinance that requires trash capture device installation in all stormwater inlets to this parcel. In response to questions from the public, the City has prepared the attached guidance to further assist property owners with compliance.

Public Works has retained a clean water consultant, Kennedy Associates, to assist property owners with compliance with the ordinance. Please direct all questions to Andrew Kennedy of Kennedy Associates, available at (925) 451-0228 and ajk@kennedyandassociates.org.

Thank you for your time.

Sincerely,

Tamara Miller, PE City Engineer Public Works

FREQUENTLY ASKED QUESTIONS

Q: What is a stormwater inlet and what does it look like?

A: Stormwater inlets are also called stormdrains. Stormdrains divert runoff and water from the street into the municipal stormwater system, which leads to local creeks and eventually the Bay. This helps prevent flooding. Stormwater inlets can look like the infrastructure in the photos below. Inlets on private property will require trash capture devices.



Q: My property has stormdrains. What do I do next?

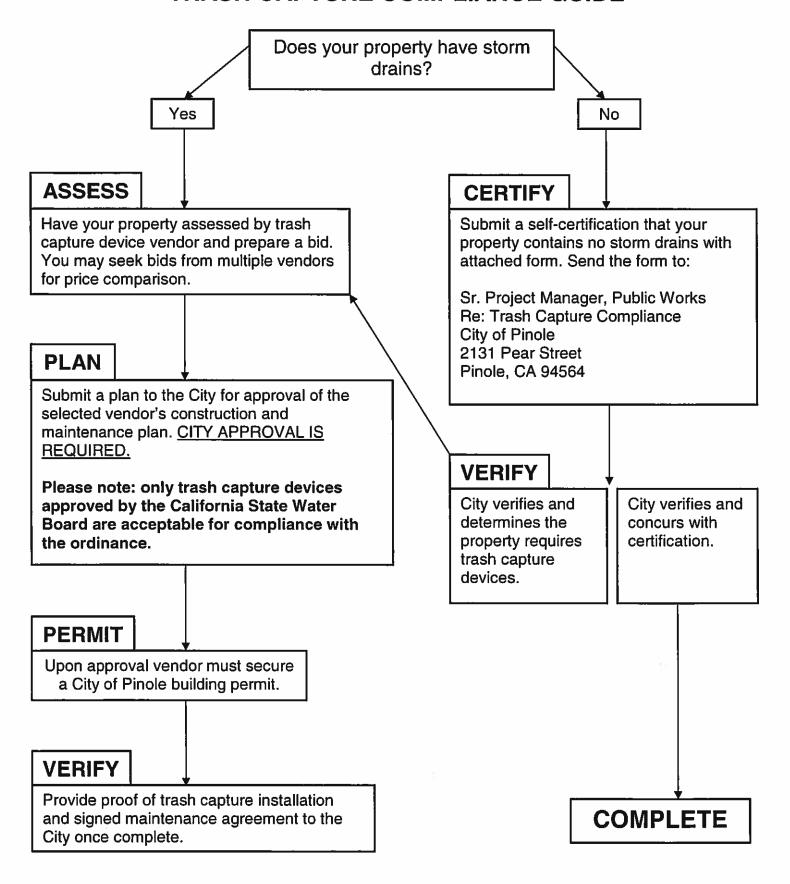
A: Please contact a vendor to assess your property and bid on the work.

Q: A vendor has provided an estimate of the work and a plan for construction. What do I do next? **A**: Please submit the construction and maintenance plan to the City for review and approval.

Q: Do I need a maintenance contract?

A: The City requires proof of a maintenance contract and annual reporting for properties with 3 or more trash capture devices. Properties with 2 or less trash capture devices may submit annual reports to the City of maintenance. Please contact Public Works for more information.

TRASH CAPTURE COMPLIANCE GUIDE



Trash Capture Certification

Name:			
Prope	erty Address:		
Prope	erty Parcel Number:		
Pleas	e check the box that applies:		
	The property at the above address is the parcel.	surface draining and has no stormwater inlets or	
	The property at the above address has trash capture devices installed that comply with the State Water Board requirements for qualifying trash capture devices as of the signing date.		
l agre	ee to an inspection of my property by the	ne City of Pinole to confirm this certification.	
Prope	erty Owner Signature	Date	



The Pinole Police Department is participating in the Pink Patch Project during the month of October!

Support breast cancer research by buying a patch for \$10.

Cash [preferable] or Check payable to *Pinole Police Employees Association*

All proceeds will go to the Breast Cancer Research Foundation.

For more information or to request a patch, please call Beth at 510-724-8955 or email: police@ci.pinole.ca.us.

Foin us for Lunch

Served Daily at the Pinole Senior Center

12:00 PM • \$5.50 per person

Open to the Public 2500 Charles Ave in Pinole



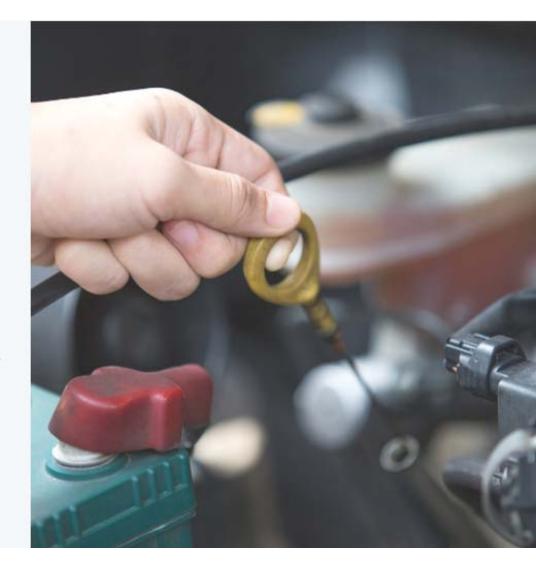
You check your oil before a road trip.

Do you check if you're registered to vote before Election Day?

Text "CoCoCheck" to "2Vote" (28683)
- or- Go to cocovote.us and click "My Voting Information"



Contra Costa Elections Division #CoCoCheck #CoCoVote





JOIN OUR ELECTION DAY TEAM:

Text cocoteam to 28683

Recycling





NO FOOD SCRAPS, NO GARBAGE,
NO GREEN WASTE, NO STYROFOAM
NO HOT ASHES,
NO HAZARDOUS WASTE,
NO BATTERIES OR ELECTRONICS





NO DESECHOS DE COMIDA,
NO DESECHOS VERDES, NO HULE ESPUMA
NO CENIZAS CALIENTES, NO BASURA,
NO DESECHOS PELIGROSOS
NO BATERÍAS O OBJECTOS
ELECTRÓNICOS



¿TIENE ALGUNA PREGUNTA?

POR FAVOR LLAME A

(510) 262-7100

www.richmondsanitaryservice.com