



City of Pinole Long Range Fiscal Forecast Options

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Today's Presentation –

**Revenue and Expenditure Fiscal
Modeling Options for City Council
Consideration**

Presentation Overview

- 1 Proposition 218/26 Primer
- 2 Choosing the Right Revenue Strategy
- 3 Tax Revenue options
- 4 Benefit Assessments
- 5 Fees/Charges/Rates and Cost Recovery Strategies
- 6 Financing Capital Assets
- 7 General Fund Revenue Options for Consideration
- 8 General Fund Expenditure Options for Consideration
- 9 Comparisons with Benchmark Cities



Proposition 218/26 Primer

Proposition 26 - Defining a Tax by What it is NOT

Specific benefit

- zoning permits, parking permits

Government service or product

- recreation classes, utilities

Permits and inspections

- building permits, police background checks

Local government property

- facility rentals, park rentals

Penalty for illegal activity

- parking fines, code enforcement fees

Property development

- planning fees, grading permits, development impact fees

Proposition 218 exceptions

- fees imposed on a property owner, fees for property related service



Proposition 218 – When is a Tax Imposed, Increased or Extended

Imposed

- When a local tax ordinance is adopted

Extended

- A decision to extend the effective period for the tax

Increased

- Increase the rate of the tax
- Revising the methodology by which the tax is calculated

Taxes Require Voter Approval

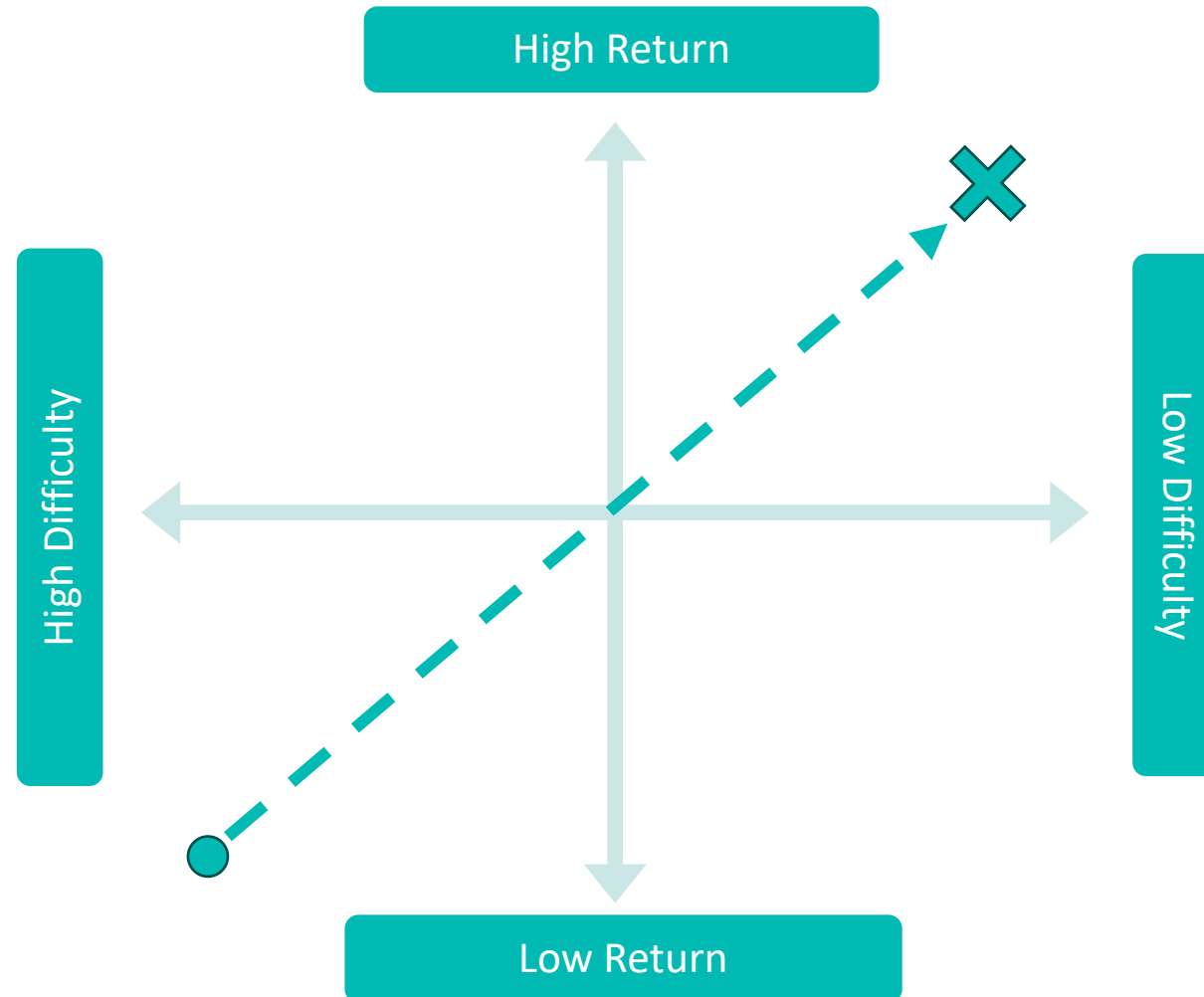
	General Tax	Special Tax
Use of Revenues	<ul style="list-style-type: none"> Unrestricted 	<ul style="list-style-type: none"> Specific purpose
Governing Body Approval	<ul style="list-style-type: none"> General law cities – 2/3 of Councilmembers Charter cities – majority of Council Transactions and use tax – 2/3 of Councilmembers 	<ul style="list-style-type: none"> Majority of Councilmembers
Voter Approval	<ul style="list-style-type: none"> Majority of voters voting on the measure 	<ul style="list-style-type: none"> 2/3 of the voters voting on the measure
Other Rules	<ul style="list-style-type: none"> Must be consolidated with a regularly scheduled general election of member of the governing body, unless a fiscal emergency is declared by unanimous vote 	<ul style="list-style-type: none"> Must be deposited into a separate fund Must publish an annual report including <ul style="list-style-type: none"> Tax rate Amounts collected and expended Status of projects funded by the tax





Choosing the Right Revenue Strategy

Revenue Strategy Pursuit Continuum



Factors for Evaluating Revenue Strategies

Factors		Revenue Strategies Analysis	Potential Annual Fiscal Impact (est.)		
			Less than \$200,000	\$200,000 to \$500,000	Over \$500,000
Potential for community pushback	→	Difficulty of Implementation			
Technical and operational difficulties of implementation			Low-Moderate	Moderate-High	High
Timing necessary for implementation			Low-Moderate	Moderate	Moderate-High
Disruptive impact on service delivery			Low/No	Low-Moderate	Moderate
Disruptive impact within City organization					



Tax Revenue Options

Tax Revenue Options

Option	Description	Potential for Pinole	Fiscal Impact
Local transactions and use (sales tax)	Local sales tax on retail goods; maximum local rate of 1% and overlapping rate of 2% unless legislative approval given	Low (Existing)	Mod
Business license tax	Imposed on businesses for the privilege of conducting business in the city; flat or variable rate based on type of business, employee-base vs. gross receipts-base	High (Existing)	High-Mod
Utility users tax	Imposed on use of utility services. May be imposed on electricity, gas, telephony, cable, water, sewer and garbage	Moderate (Existing)	High
Transient occupancy (hotel) tax	Imposed on overnight guests for hotels, motels, inns or private residences through online booking services	Moderate (Existing)	Low

Fiscal Impact (annual): High - > \$500,000; Moderate - \$200,000 to \$500,000; Low - < \$200,000



Tax Revenue Options

Option	Description	Potential for Pinole	Fiscal Impact
Community facilities district tax	Special tax imposed on property owners to finance public capital facilities and/or services (e.g., parks, street lighting, wildfire protection, recreation/cultural programs, libraries, emergency services); requires 2/3 vote of voters within district	Mod	Unk
Parcel tax	Special tax on parcels of property based on flat per-parcel or variable rate (size, use, number of units); requires 2/3 vote whether general or specific purpose	Mod	Unk
Cannabis tax	Cannabis taxes are levied on legal purchases of marijuana for recreational use.	Mod	Unk

Fiscal Impact (annual): High - > \$500,000; Moderate - \$200,000 to \$500,000; Low - < \$200,000



Tax Revenue Options

Option	Description	Potential for Pinole	Fiscal Impact
Real property transfer tax	Imposed on transfer of ownership in real estate; local city can establish the rate only if it is a Charter city	Mod	High
Admissions tax	Tax on consumer for the privilege of attending a show, performance, or use of sports/recreation amenities	Low	Low
Parking tax	Imposed on occupant of off-street parking space	Low	Low
Construction/development tax	Excise tax imposed on the privilege or activity of development	Mod	Mod

Fiscal Impact (annual): High - > \$500,000; Moderate - \$200,000 to \$500,000; Low - < \$200,000



Benefit Assessments

Benefit Assessments

- Special assessments levied to pay for specifically identified public improvements or service that directly benefit properties or businesses

Option	Description	Potential for Pinole	Fiscal Impact
Assessments on property owners	Formation of assessment district; requires engineer's report (formation and annually); examples include lighting, parks/landscaping, stormwater/flood control; property owner must receive a special benefit not subsidized by general public	Mod (Existing)	High
Assessments on businesses or persons	Typically imposed on businesses in form of business improvement district; intended to specifically benefit businesses to improve opportunities for local commerce and joint facilities/services	Low	Low

Fiscal Impact (annual): High - > \$500,000; Mod(erate) - \$200,000 to \$500,000; Low - < \$200,000



Fees/Charges/ Rates and Cost Recovery Strategies

Fees, Charges and Rates

User fees

- Utility rates
- Service and program fees
- Property-related fees

Regulatory fees

- Development impact fees
- Regulatory program fees

Rents

- Franchises
- Facility use fees

Subject to definitions in Proposition 218 and Proposition 26

User Fees

	Description	Existing Fees	Other Possible Fees	Prop 218
Utility Rates	Fees paid for utilities services received	<ul style="list-style-type: none"> Wastewater rates 	<ul style="list-style-type: none"> Stormwater fees (if formed as utility) 	Yes
Service and program fees	Fees for various services provided to persons or businesses	<ul style="list-style-type: none"> Planning Plan check Building Recreation 	<ul style="list-style-type: none"> None of significance (based on current services) 	No
Property related fees	Levy imposed on parcel incident to property ownership	<ul style="list-style-type: none"> Sewer connection fees 	<ul style="list-style-type: none"> None of significance (based on current services) 	No

Based on costs to provide service, subject to cost recovery goals

Regulatory Fees

	Description	Existing Fees	Other Possible Fees	Prop 218
Development impact fees	Fees charged to compensate for new demands on public resources resulting from development of land or property	<ul style="list-style-type: none"> • Drainage construction • Traffic/transportation • Park and recreation facilities • General facilities • Police facility • Wastewater • Fire protection 	<ul style="list-style-type: none"> • To be determined 	No
Regulatory program fees	Charge for cost of public programs or facilities to regulate a business or activity	<ul style="list-style-type: none"> • Zoning variances • Building/safety inspections • Map applications • Abandoned vehicle 	<ul style="list-style-type: none"> • Taxicab • Cannabis licensing • Bicycle licenses • Peddler and vendor fees 	No

Based on underlying costs of impacts/regulatory oversight



The background of the slide features a series of concentric circles in various shades of maroon and burgundy, creating a layered, tunnel-like effect that draws the eye towards the center.

Financing Capital Assets

Financing Capital Assets

Financing Option	Description	Typical Projects/Uses	Typical Financing Sources
General obligation bonds	Pledge General Funds and “full faith and credit” as security of payment; requires 2/3 vote for new issuances for specific projects	<ul style="list-style-type: none"> • City halls • Public safety buildings • Park improvements • Libraries • Public works projects 	<ul style="list-style-type: none"> • General Fund resources
Mello-Roos Bonds	Issuances under Community Facilities District (CFD); requires 2/3 vote of affected property owners	<ul style="list-style-type: none"> • City facilities • Parks facilities • Infrastructure improvements • Libraries 	<ul style="list-style-type: none"> • Tax assessment to properties in CFD area
Revenue bonds	Pledges specific revenues to address financing needs	<ul style="list-style-type: none"> • Utilities infrastructure • Golf courses • Parking facilities 	<ul style="list-style-type: none"> • Pledged future revenues
Certificates of Participation	Financing through lease/installment sale agreement (not technically “indebtedness” that impacts debt limits)	<ul style="list-style-type: none"> • City facilities • Utility infrastructure • Recreation facilities 	<ul style="list-style-type: none"> • General Fund resources • Utility revenues



Financing Capital Assets

Financing Option	Description	Typical Projects/Uses	Typical Financing Sources
Special Assessment Bonds	Issued to finance projects which convey a special benefit to an identifiable group of properties; requires majority vote of weighted average assessments	<ul style="list-style-type: none"> • Streets, sidewalks, curbs, traffic safety • Water/wastewater • Storm drain • Street lighting 	<ul style="list-style-type: none"> • Tax assessment to properties benefitting
Enhanced Infrastructure Financing District	Relatively new tax-increment financing option; requires 55% approval of “qualified electors”; no direct tie to property owners, but must have demonstrated benefit	<ul style="list-style-type: none"> • Property acquisition and improvements • Affordable housing/mixed use development 	<ul style="list-style-type: none"> • Tax increment revenues
Tranche financing tools	Short- to mid-term financing to bridge long-term financing or anticipated one-time revenue options (e.g., grants, property sales); examples include state revolving loan funding, bank lines-of-credit, tax revenue anticipation notes less than one year	<ul style="list-style-type: none"> • All projects listed herein 	<ul style="list-style-type: none"> • Long-term financing proceeds • One-time revenue sources
Federal/state grants	Multitude of funding options for one-time projects (e.g., Federal Infrastructure Investment and Jobs Act 2021, CalDOT STIP grants)	<ul style="list-style-type: none"> • Infrastructure improvements 	<ul style="list-style-type: none"> • Federal grants • State grants



General Fund Revenue Options for Consideration

General Fund Revenues with Greatest Revenue Potential

Option	Description	Vote Required	Potential Annual Fiscal Impact
Specific-Purpose Parcel Tax	Implement parcel tax for specific purpose (e.g., streets, parks, public safety)	2/3	TBD
Real Property Transfer Tax	Imposes tax on the purchaser of real property based upon the value (available to charter cities only)	2/3	\$2,000,000 (1.2%, or \$12 per \$1,000)
Community Facilities District – Parks/Facilities	Implement a CFD for parks and facilities maintenance and improvements	2/3	TBD
Fees and Charges	Conduct fee study and increase fees to improve cost recovery (roadway impact fees for waste treatment facility)	N/A	TBD
Utility Users Tax - Expand	Expand to incorporate cable, water, and garbage (combine with below)	Majority	Cable: \$400,000; Garbage: \$290,000; Water: Unk
Utility Users Tax – Increase	Increase rate on electric, gas and telephone from 8% to 9% (combine with above)	Majority	\$250,000
Business License Tax	Change the basis/formula on how the tax is calculated	Majority	TBD
Transient Occupancy Tax	Increase rate from 10% to 12% (mirror Emeryville)	Majority	\$90,000



General Fund Expenditure Options for Consideration

General Fund Expenditure Options

Option	Description	Potential Annual Fiscal Impact
Retiree Health Care Benefit	Work towards reducing, or eliminating for new employees, the City's contribution to retiree health care payments.	TBD
General Fund Reserve Balance	Reduce the General Fund unassigned reserve from 50% to 25% of operating expenditures. Use the available funding to address the City's most critical priorities.	\$5.1M
Operating Expenditure Reductions	Phase in General Fund operating expenditure reductions of up to \$3 million over 5 years	\$3M
Cost Allocation	Increase cost allocation to non-general fund operations based on cost allocation plan analysis	TBD
Shared Services Delivery	Contract out or implement shared services delivery model with neighboring jurisdictions for public safety (police district), parks, recreation, youth and other programs	TBD



Comparison with Benchmark Cities

Comparisons with Benchmark Cities

General Summary

Jurisdiction Name	County	Total Population	Median Income	General Fund Budget	General Law or Charter City	Real Property Transfer Tax per Thousand in Value
Albany	Alameda	21,401	\$113,602	\$27,195,410	Charter	\$15.00
American Canyon	Napa	21,338	\$92,700	\$25,425,744	General Law	N/A
Dixon	Solano	19,018	\$84,208	\$28,136,202	General Law	N/A
El Cerrito	Contra Costa	25,484	\$116,875	\$48,528,763	Charter	\$12.00
Emeryville	Alameda	12,610	\$109,960	\$55,829,720	Charter	\$12.00
Martinez	Contra Costa	36,543	\$114,390	\$35,904,356	General Law	N/A
Pinole	Contra Costa	18,244	\$104,275	\$34,397,708	General Law	N/A



Comparisons with Benchmark Cities

Summary of Budgets

Jurisdiction Name	Total FY24 Expenditures	Total FY 24 Revenues	General Fund Expenditures	General Fund Revenues	Total Revenues Per Capita	Total General Fund Revenues Per Capita	FTE Count	FTE Per 1,000 Residents
Albany	\$34,996,353 ¹	\$41,063,350 ¹	\$27,195,410	\$24,818,965	\$1,999	\$1,160	118.55	5.5
American Canyon	\$75,737,917	\$84,739,905	\$25,425,744	\$25,450,596	\$3,971	\$1,193	112.00	5.2
Dixon	\$90,260,956	\$81,450,473	\$28,136,202	\$27,404,900	\$4,283	\$1,441	142.45	7.5
El Cerrito	\$77,385,884	\$73,171,734	\$48,528,763	\$48,435,585	\$2,871	\$1,901	169.8	6.7
Emeryville	\$182,523,906	\$152,287,885	\$55,829,720	\$50,585,622	\$12,077	\$4,012	173.28	13.7
Martinez	\$96,176,071	\$87,643,911	\$35,904,356	\$41,572,174	\$2,399	\$1,138	151.00	4.1
Pinole	\$76,240,247	\$47,346,375	\$34,397,708	\$25,610,623	\$2,595	\$1,404	115.13	6.3

¹ Based on FY22 Actuals

Average GF Revenues per Capita: \$1,750

Average FTE per 1,000 Residents: 7.00



Comparisons with Benchmark Cities

Summary of Reserves

Jurisdiction Name	General Fund Reserves	General Fund Reserve Policy
Albany	\$8,824,568	25% of annual operating expenses
American Canyon	\$3,282,423	25% of annual operating expenses
Dixon	\$15,681,938	25% of annual operating expenses
El Cerrito	\$16,423,835	A minimum of 10% of annual operating expenses
Emeryville	\$16,229,351	50% of annual operating expenditures
Martinez	\$8,129,546	A minimum of \$5,000,000
Pinole	\$9,405,968	50% of the City’s annual General Fund ongoing operating expenditures



Comparisons with Benchmark Cities

Summary of TOT, BLT and UUT

Jurisdiction Name	Transient Occupancy Tax Facts	Business License Tax Facts	Utility User Tax Facts	FY 2021 UUT Revenues	FY 2021 UUT Revenues per Capita
Albany	10% tax rate	Variable tax rate schedule dependent upon business type. Not based on gross receipts unless utility service (\$1.00 for every \$1k of gross receipts).	Communication Users 6.5%, Electricity 9.5%, Gas Users Tax 9.5%	\$1,606,874	\$78
American Canyon	12 % tax rate	Persons with fixed place of business pay tax according to sliding gross receipts scale. Others pay flat tax	None	N/A	N/A
Dixon	9% tax rate	Variable tax rate schedule dependent upon business type. Not based on gross receipts.	None	N/A	N/A
El Cerrito	10% tax rate	Variable tax rate schedule dependent upon number of employees and specific tax rates assigned to specific business types. Not based on gross receipts.	Services subject to 8% UUT tax rate include electricity, gas, water, video, and telephone including wireless.	\$3,670,333	\$143
Emeryville	12% tax rate	The greater of \$25 or one-tenth of one percent (0.10%) of the annual gross receipts. Specific businesses have assigned flat tax rates.	Services subject to 5.5% UUT tax rate include gas, electricity, prepaid wireless, and telecommunications.	\$3,030,308	\$240
Martinez	10% tax rate	Taxed according to a gross receipts schedule, minimum tax is \$25. Specific businesses have assigned flat tax rates.	None	N/A	N/A
Pinole	10% tax rate	Flat fixed fee dependent upon business type.	Services subject to 8% UUT tax rate include electricity, gas, and telephone services.	\$1,939,726	\$103



Comparisons with Benchmark Cities

General Fund Revenue Sources

Jurisdiction Name	Property Tax	Property Transfer Tax	Sales and Use Tax	Franchise Fees	Utility User Tax	Licenses and Permits	Service Charges	Fines and Forfeitures	Transient Occupancy Tax
Albany	\$10,000,000	N/A	\$4,970,000	\$6,070,000	N/A	\$455,200	\$1,408,892	\$270,000	N/A
American Canyon	\$13,326,568	N/A	\$4,520,000	\$1,133,520	N/A	\$887,400	\$1,923,986	\$108,500	\$1,904,000
Dixon	\$5,316,459	N/A	\$11,581,735	\$708,119	N/A	N/A	\$3,079,667	N/A	\$630,863
El Cerrito	\$11,417,000	\$4,300,000	\$3,999,000	\$1,400,000	\$3,520,000	\$1,152,000	N/A	N/A	\$150,000
Emeryville	\$4,814,217	\$1,450,000	\$8,507,100	\$2,044,330	3,000,000	\$8,979,500	\$625,000	N/A	\$5,400,000
Martinez	\$11,229,398	\$4,344,067	\$10,211,500	\$2,083,400	N/A	\$1,287,600	\$1,641,041	\$154,900	N/A
Pinole	\$5,678,211	N/A	9,593,023	\$794,658	\$2,085,485	\$558,714	\$1,432,539	N/A	\$453,200



Comparisons with Benchmark Cities

Summary of Medical Health Care Coverage for Retirees

Jurisdiction Name	Medical Health Coverage for Retirees	Total OPEB Liability
Albany	Yes.	\$4,394,300
American Canyon	Yes, lower coverage for those hired after 2016.	\$12,529,860
Dixon	Yes. One month's premium for employee and dependent for every year worked prior to retirement up to a max of 24 months.	\$4,244,808
El Cerrito	No.	\$4,887,434
Emeryville	Yes, up to maximum of \$363 for retiree and two or more dependents.	\$9,889,028
Martinez	Yes, no coverage for new employees.	\$21,042,287
Pinole	Yes.	\$36,286,025





Thank You!

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