



ADMINISTRATIVE REPORT

DATE: MAY 8, 2009

TO: MAYOR AND CITY COUNCIL
BEN REYES, CITY ATTORNEY

FROM: BELINDA B. ESPINOSA, CITY MANAGER

PLACES TO BE

- MAY 11- PLANNING COMMISSION MEETING

The Planning Commission is meeting on Monday May 11, 2009 at 7:00 p.m. in the City Council Chambers at City Hall. The Planning Commission first convenes as the Steering Committee for the Specific Plan and General Plan Update Process. They will continue the review of the draft recommendations regarding land uses and parking for properties in the San Pablo Avenue, Pinole Valley Road and Appian Way corridors.

After that discussion, the Planning Commission will convene as the Planning Commission to consider a design review application for the King Valley Restaurant, 795 Fernandez Ave. (formerly Mechanics Bank), and consider proposed changes to the Zoning Code to provide for administrative review in the Design Review process.

- MAY 12-EDHAC

The Economic Development and Housing Advisory Committee (EDHAC) will meet on Tuesday May 12, 2009 at 7:00 p.m. in the Community Room at City Hall. EDHAC will continue to discuss the proposal for a new restaurant at 2300 San Pablo Ave. Also on the agenda is the review and discussion of a preliminary budget for the Heritage Park Affordable Housing Development and the update to the 5-year Implementation Plan for the Redevelopment Area.

ITEMS OF INTEREST

- STATE PROPOSAL TO BORROW LOCAL GOVERNMENT PROPERTY TAXES

If the propositions on the May 19th special election do not pass, the State Department of Finance officials are seriously talking about a "May Revision Option Proposal" for the State Budget that would borrow over \$2 billion in local property taxes to help close its FY 2009-10

deficits. This is the equivalent of an estimated 8% of the FY 2008-09 property tax receipts. For the City of Pinole, this means about \$260,000 less in property taxes for next year.

The League of California Cities is rejecting this proposal and will be working towards defeating it. The League's notice to City Officials and a description of the anticipated borrowing is attached.

- **SUMMER YOUTH EMPLOYMENT PROGRAM**

The Public Works Department is once again sponsoring a Summer Youth Employment Program. As in the past, we will be partnering with the Contra Costa County Office of Education, who will be able to participate at a much higher level this year thanks to economic stimulus funding. The Office of Education has told us that our program is one of their favorites based upon feedback received from past participants.

The program gives high school students a chance to improve their community and gain job skills by working alongside our Public Works Staff on projects that include litter pick up, park maintenance, painting and other beautification programs. The youth will be working with staff at the Corporation Yard as well as at the Water Pollution Control Plant.

Notices of the program will be circulated at Pinole Valley High School and on Channel 26.

- **HERCULES MUNICIPAL UTILITY DISTRICT VERSUS PGE RATES**

After meeting with representatives of the Hercules Municipal Utility (HMU) it has been determined that the Water Pollution Control Plant saves approximately \$23,500 (4.7%) each year by using Hercules Municipal Utility rather than Pacific Gas and Electric. A savings over the P G and E rates is not guaranteed, however at the present time, the HMU rates are currently lower than P G and E, so a savings is realized for this year. An audit will be needed periodically to assure savings.

We did learn that no HMU customer currently receives a rate discount. Several customers such as Home Depot, and BioRad did have a five percent discount for the first five years of their contract, but those discounts – like ours – have expired. The HMU representatives indicated that the rate structure applied to the plant is the same rate structure they offer to the City of Hercules for their facilities. He pointed out that because we are a high use customer, the rates at the plant are lower than the rates being charged for the Hercules City Hall.

- **WASTEWATER JPA**

The Wastewater JPA met this week in Hercules. The one and only item on the agenda was discussion about the information recently posted on the Hercules Website and what it means for efforts currently underway to determine how to best provide wastewater services to the two communities.

The posting declared that Hercules' most viable solution to their future wastewater needs is to transport their flows to the West County Sanitation District. This is a departure from actions taken by the JPA Board in October 2008, when two options were identified as most viable, and both called for both cities remaining at the Pinole/Hercules plant.

The City of Hercules indicated that no decision has been made to go to West County, however they still want to study that option on their own. They asked for another 100 days to continue towards making a final decision. The basis for the City of Hercules making this statement was their understanding – and actually a misunderstanding – that the two options currently being studied by the JPA do not provide any additional capacity to meet their future growth needs.

The City of Hercules has been candid and consistent in their message that they will continue to explore the West County option, in a track parallel to our joint effort; however, the posting appeared to indicate that a decision had been made. Perhaps more importantly, it appears that the City of Hercules has a clearer understanding that the two options now being studied do indeed provide additional capacity, and that they believe the extra capacity is adequate to meet their needs for further growth.

There was one unresolved detailed technical issue that came out of the meeting, regarding how capacity is calculated. The issue revolved around when is a plan for future expansion triggered; once 85% capacity is reached. Resolution of that issue required discussion with the Regional Water Quality Control Board. A meeting with Board staff the very next day confirmed that the information presented at the JPA meeting was correct. We are working with the Board to document that confirmation.

Because the City of Hercules can not commit to remaining at the Pinole/Hercules plant at this time, the technical studies (Environmental Impact Report) now underway need to be expanded to evaluate the "Pinole Only" option at the plant. Those studies will be expanded to include the revised Scope of Services. Award of this contract is estimated at \$300,000 and is scheduled for the City Council approval on May 19, 2009. The information will be presented at the next JPA meeting scheduled for May 27, 2009 in Pinole.

After our discussions at the JPA and with the Regional Board the next day it is clear that we will be able to meet our June 1, 2009 deadline with the Board that calls for us to declare what option we intend to pursue.

- **[BART OAKLAND AIRPORT CONNECTOR - THE TRAIN IS MOVING!](#)**

The BART Board next week will decide whether to break ground on the Oakland Airport Connector (OAC) project in early 2010, or to lose the opportunity forever. The Board must approve the last portion of a full funding plan for OAC in order to meet a critical deadline to keep the project's federal stimulus money flowing.

The meeting will be held on Thursday, May 14, 2009 at 9 AM in the BART Board Room, Kaiser Center Mall, Third Floor, 344 20th Street, Oakland, CA. For questions, call (510) 464-6153. BART provided statistical information contained in a separate attachment, to support the Oakland Connector Project.

- **POLICE and COMMUNITY PRESERVATION**

Communications

The East Bay Regional Communications System (EBRCS) received an earmark of \$1,170,000 as part of the FY2009 COPS Technology grant program from the Federal Government. This amount will be added to the monies already received to offset the costs of this system that will link the vast majority of public safety agencies in Contra Costa and Alameda Counties. The JPA did not charge its members, including Pinole, the \$100/radio participation fee this year in consideration of the difficult economic times that its members are going through.

Community Preservation Unit

On Monday, April 4, 2009, Community Preservation personnel Al Chavarria and Doug Hearn met with Diane Joyce of Target and Cynthia Roemer with the Pinole Vista Shopping Center and discussed issues with students from Juan Crespi School causing problems in the center. A partnership between the school, shopping center personnel and the Police Department is being set up to address the problems. Our approach will be the same as with the Pinole Valley Center which has had a very successful outcome. These will include the posting of a Code of Conduct as well as increasing the communication between the school, parents and students. The shopping center residents will be asked to notify the police when students are in or around the center during school hours. The Police Department will also be seeking clarification on the Yard Supervisors/Truant Officers policies and procedures, and how we can assist them in their enforcement of these regulations.

A notice was sent out by e-mail to Neighborhood Watch members who subscribe to our e-mail alerts:

The Community Preservation Unit of the Pinole Police Department is forwarding this crime alert to neighborhood watch members for your information and for sharing with others. There have been two recent residential burglaries in the Pinole Old town district. The burglaries occurred during the weekend of May 2nd and 3rd. The burglaries occurred at 9 PM and the other at 10 PM. The burglary on San Pablo Avenue occurred while an adult victim son was home in a front bedroom. The victim heard a banging noise but did not respond to the noise. In both burglaries a door was kicked in. Items take were a laptop computer and a diamond ring. An unknown male subject wearing dark clothing was seen in the backyard of the Charles Avenue residence. Please report any suspicious person(s) or activity to the Police Department – (510) 724-1111.

Police Operations

On Thursday, a compliance check was made on a number of parolees who have addresses listed in Pinole. One individual was arrested for violating the conditions of his parole and four were found not be residing where they said they lived. Four houses were “red-tagged” by code enforcement because of unsafe conditions found at the respective residences.

Youth Academy

A well-attended graduation took place in the Council Chambers last Saturday for the members of the Police Youth Academy. All were presented certificates of completion from Police Chief Paul Clancy. Two graduates became the first two members of the reestablished Police Explorer program, and five more submitted applications to become Explorers following the event.

END



1400 K Street, Suite 400 • Sacramento, California 95814
Phone: 916.658.8200 Fax: 916.658.8240
www.cacities.org

TO: City Officials
FROM: Chris McKenzie, Executive Director
DATE: May 5, 2009
SUBJECT: Proposal to Borrow Local Government Property Taxes Irresponsible

Today the Department of Finance informed us they have presented a May Revision budget option to the Governor that he consider borrowing 8 percent of city, county and special district property tax revenues, estimated at just over \$2 billion, to help close its FY 2009-10 deficit. Details of the proposal are contained in the attached option paper from DOF. You should know **it is the equivalent of 8% of the fiscal 2008-09 property tax receipts, including the triple-flip and VLF-property tax swap amounts.** Here is what we are saying about it:

- **Borrowing Proposal is Irresponsible.** The proposal is irresponsible and will threaten the safety of every Californian. The League will strongly oppose any proposal that puts the funding of state government ahead of the public safety of our residents.
- **Proposal Puts Public Safety At Risk.** California cities are struggling under the growing weight of the economic slowdown and the revenue losses it has caused. Cities have already enacted painful cuts to balance their own budgets—including layoffs, furloughs, reduction of services, and project and maintenance delays. DOF's proposal would be especially disastrous to public safety, one of the top priorities of city residents and 60 – 80% of most city budgets.
- **Proposal Would Mark Return to Binge Borrowing.** The DOF proposal is fiscally irresponsible. It acknowledges the deep cuts its proposal would cause at the local level yet it fails to point out that diversion of local property tax funds to finance the state budget will only deepen the state's structural deficit; the state is obligated to repay the property taxes with interest in three years. In the meantime, however, the state will have decimated local public safety and other essential community services and dug itself a deeper hole from which it is less likely to recover. This is a step backward to the days of binge borrowing that brought California to the financial precipice in the first place.
- **Governor Should Reject Borrowing.** The Governor opposed previous proposals to borrow local funds and should reject this proposal for the fiscally irresponsible idea it is. Borrowing local government funds will put public safety at risk and cut community services for families and children. It will never be acceptable to sacrifice essential local services to fund the state budget. The state needs to balance its budget with its resources.

The proposal is attached for your information. Interestingly, it identifies many of the problems we have listed above and then some more. **Your Regional Public Affairs Manager will be getting you information shortly on what you can do help fight this idea.** In so doing, remember that this is a proposal to the Governor—not one he has endorsed. We recommend that you strongly criticize the suggestion—not the Governor—who may very well reject it.



1400 K Street, Suite 400 • Sacramento, California 95814
Phone: (916) 658-8200 Fax: (916) 658-8240
www.cacities.org

May 5, 2009

Contact: Eva Spiegel, (916) 658-8228
Cell, (530) 400-9068

FOR IMMEDIATE RELEASE

Californians' Safety Threatened by Proposal to Borrow Local Property Taxes

Sacramento, CA — Today the Department of Finance informed local officials they have prepared a May Budget Revision option for the Governor to consider that borrows 8 percent of local governments' property tax revenues, estimated at just over \$2 billion, to help close the state's budget deficit. The proposal will threaten the safety of every Californian. The League will strongly oppose any proposal that puts the funding of state government ahead of the public safety of city residents.

"This proposal is irresponsible and would have disastrous and long-lasting impacts. Cities are already reducing services due to the recession and can't afford to cut public safety and other essential services to bail the state out," said League President and Rolling Hills Estates Mayor Judy Mitchell.

Chris McKenzie, League Executive Director, added: "For most cities police and fire protection make up 60 – 80% of their budgets." Californians know how important it is to maintain public safety. According to a Field Poll released April 30, seventy-four percent oppose cuts to law enforcement and police. DOF's proposal significantly increases the likelihood cities will have to cut the very public safety services the voters want protected.

The League called on the Governor to reject the DOF proposal. McKenzie said: "The Governor has said repeatedly that borrowing local property taxes and Prop. 42 transportation funds is irresponsible. It only deepens the state's structural deficit and creates an obligation to repay. In the meantime, local services will be cut severely and citizens' safety will be put at risk. This is precisely the type of budgeting that California needs to avoid. The state needs to balance its budget within its own resources."

The League of California Cities is prepared to fight vigorously to protect city services to the millions of Californians who live in cities.

Established in 1898, the League of California Cities is a nonprofit statewide association that advocates for cities with the state and federal governments and provides education and training services to elected and appointed city officials.

###

2009-10 May Revision Option (Dollars in Thousands)

Local Government Financing Title: Borrowing from Local Government

	GF	FF	Other	Total Reductions	PY Reduction
2009-10					
Workload Budget					
Reductions	\$2,006,000			\$2,006,000	
Governor's Budget					

Program Description

The constitution allows that up to 8% of local governments' property tax revenues can be borrowed by the state and repaid within three budget years with interest. The amount that can be borrowed is determined by the amount of property taxes received by cities, counties, and special districts in the preceding year. Borrowing from local government in the 2009-10 fiscal year would provide \$2.006 billion in solutions.

Program Reduction

An option to address the potential budget shortfall would be to borrow property tax revenues (Proposition 1A, 2004) from local governments.

Local governments could borrow against the state's constitutional obligation to repay, thereby mitigating the impact of this reduction. However, in the current economic landscape, local governments are not easily finding available short term financing and could face difficulties borrowing these funds from the market. If they borrow, local government will incur substantial borrowing costs.

If local governments are unable to borrow or can borrow insufficient amounts, local government may have to make reductions to locally funded services. Property tax revenues are used by local governments for a variety of services including police and fire, waste collection, road maintenance, libraries and other services.

Reduction Impacts

Specific impacts of this reduction will vary by local jurisdiction and will in part depend on the ability of local government to obtain borrowing from the market. This reduction could result in cuts to locally funded services such as police and fire, waste collection, road maintenance, libraries and other services.

2009-10 May Revision Option (Dollars in Thousands)

Based on a survey of the top 15 California cities in terms of property tax revenue collection estimates (based on 2006-07 collections), if adopted, this option could result in reductions to their budgets, as follows:

Los Angeles	\$67,712,897
San Francisco	\$61,833,541
San Diego	\$20,054,088
San Jose	\$12,810,380
Sacramento	\$7,425,680
Long Beach	\$6,604,224
Oakland	\$6,363,535
Fresno	\$4,607,868
Newport Beach	\$4,475,138
Pleasanton	\$3,202,884
Bakersfield	\$3,071,241
Riverside	\$3,051,165
Fremont	\$3,025,522
Berkeley	\$2,951,759
Huntington Beach	\$2,886,124

Reductions, if not replaced by local borrowing, would come on top of reductions most cities and counties are considering or already budgeting to address shortfalls in local sales and property tax revenues. Finance is estimating property taxes to decline by an average of 4 percent in 2009-10 after growing only about 2 percent 2008-09 and sales taxes are declining by about 15 percent from 2007-08.

Increases in layoffs of police, fire, public health, recreation and other tax supported workers are likely. Due to federal and state laws, counties may have limited ability to reduce costs in some programs where financial responsibility is shared, but they can make some employee compensation reductions and implement other savings. Special districts and cities often have other fees that could be raised to backfill reductions and maintain services. However, basic public protection can generally not be fee supported. Districts that are only property tax supported would face up to 8 percent budget reductions.

Timing of Implementation

The reduction could be legally effective on July 1, 2009, if enacted as an urgency statute. The statute would provide for the timing and mechanism of payment to the state. Locals receive property tax in December and April or shortly thereafter. Taking funds from them before that could cause a local cash crunch and some may simply not pay timely.

Statutory and/or Regulatory Change

The Constitution requires the Governor to issue a proclamation of a severe state fiscal hardship and passage of a separate two-thirds vote bill. The bill should specify how interest will be paid since there is no provision in current law for this and the Constitution requires there be payment of interest provided by law. It is likely locals will ask that their full cost of borrowing be covered by state interest payments.

Oakland Airport Connector - The Train Is Moving!

The Board must approve the last portion of a full funding plan for OAC in order to meet a critical deadline to keep the project's federal stimulus money flowing.

Come to support this critical "green" project, which will connect the 10 – 20 million people who travel through the Oakland Airport each year into our regional transit system. This project is worth fighting for! Join us May 14.

Attend the hearing and speak

Send a support letter immediately

Send an e-mail about OAC to your e-mail network

GO GREEN - The Oakland Airport Connector is a critical GREEN project. Currently, less than 10% of the people who travel to the Oakland Airport each year use the bus that connects the Coliseum BART Station to Oakland Airport. BART Studies show that the public is eager for a plane to train connection and will use it. The alternative – a bus rapid transit project – could be fueled with dirty diesel gasoline, attract the same low number of riders as the current bus system, be less reliable and some advocates are talking about purchasing the busses from Belgium!

JOBS - The Oakland Airport Connector Project (OAC) has been embraced in the region as a premier economic development project as a part of the President Obama Stimulus Package. The Oakland Airport Connector will create 200-300 local construction jobs over the next several years, and create 30 permanent jobs operating and maintaining the system. The project is poised to break ground in early 2010.

STIMULATE - The OAC will help to ensure that the Oakland Airport will remain a significant economic generator for Oakland and the East Bay. A fast and reliable automated fixed guideway (people-mover) system will link airport patrons and workers to the regional transit system. The OAC technology is most likely to appeal to air travelers, and therefore will result in the highest ridership. And OAC will keep the Oakland Airport competitive. The Oakland Airport has suffered a significant decline in air traffic since the opening of BART to SFO. The SFO train to plane connection is a major reason that several discount air carrier services (Southwest, Jet Blue & Virgin) have expanded service at SFO. Having a rail connection to the Oakland Airport will provide a significant competitive advantage in luring passengers and airlines back.

ATTRACT – The Oakland Airport Connector will attract millions of additional transit riders to the BART System each year. How do we know? Because the SFO train to plane connection is doing exactly that – attracting thousands of daily non-transit riders who hop on board for the convenience and reliability. The SFO connection, opened in 2003, carried almost 4 million riders last year (more than 10,000 average daily riders) and the future looks

bright. Even in a tough economy, ridership on the system has expanded at an astounding rate of 20% each year.