



ADMINISTRATIVE REPORT

DATE: JUNE 18, 2010

TO: MAYOR AND CITY COUNCIL
BEN REYES, CITY ATTORNEY

FROM: BELINDA B. ESPINOSA, CITY MANAGER

PLACES TO BE

- **JUNE 30 – RAILROAD SAFETY EVENT - RETRACTION**

Last week we included information about a railroad safety event involving Union Pacific, Amtrak, Operation Lifesaver, Local Police, East Bay Regional Park District and local media on June 30th. Unfortunately, the notice we originally received did not make it clear that the event was only for the public safety representatives, local elected officials and the media. This is not an event open to the public. Several City staff and members of the City Council will be in attendance and will provide information about the event after June 30th. We apologize if this has caused any confusion.

- **JUNE 23 – PINOLE HERCULES WASTEWATER TREATMENT JPA MEETING**

The Pinole Hercules Wastewater JPA meeting will be held at noon this coming Wednesday, June 23, 2010 at the City of Pinole, City Hall in the Community Room. Attached you will find the agenda.

- **JUNE 27 - ANNUAL CLASSIC "CALIFORNIA CRUISIN" CAR SHOW**

The Northern California Cruisers Classic Car Club is set for 8 a.m. - 5 p.m. June 27th on San Pablo Avenue and in Fernandez Park in Old Town. Entry owners will be eligible for awards and dash plaques.

- The show features a large raffle, automotive, and arts and crafts vendors, live music with the Dave Crimmen Band and DJ Vince Pistello playing tunes in the park.
- The Pinole Senior Center will offer breakfast that morning, and many Old Town eateries will be open during the show.
- Admission to the car show is free, and proceeds benefit local charities.

For show or registration information call Cathie Loudon at 510-233-0721 or e-mail nomadjon@pacbell.net.

ITEMS OF INTEREST

- FIRE STATION 74 (PINOLE VALLEY) TO BEGIN TEMPORARILY BROWNING OUT JULY 1ST

Beginning on July 1st the fire department is regrettably going to begin browning out the Pinole Valley Fire Station 74 for at least 10 shifts each month, which is one-third of the operations. During the course of negotiations and deciding how to contain and manage department costs, both the City of Pinole and the Pinole Fire Department came to an agreement that browning out Station 74 was a temporary solution that could be implemented. While even a temporary reduction in services is not an optimal situation, it is necessary as we continue to struggle in the current economic climate to provide full services to our community. Both the City Council and Fire Department are passionate about the community they serve, so this decision was not reached lightly.

The 2009 LAFCO Municipal Services Review of fire services clearly indicated that Pinole Fire was “unsustainable“ in the current format and the amount of tax revenue currently available. These difficult economic times have exacerbated the situation in that we are trying to balance our budget and still maintain current levels of service. We are not alone in this endeavor as many communities in our county and state are facing the same situation.

This service reduction was negotiated with the International Association of Firefighters Local 1230, in accordance with provisions found in their collective bargaining agreement. Unfortunately, because of bargaining constraints, we were unable to elicit community input. However, the Council is committed to working on behalf of its citizens and not only value their input, but welcome their comments. We will soon be having a series of workshops regarding the Utility Users Tax measure, Public Safety as well as other services provided by the City. We hope to see a great deal of community participation to aid us in making the tough choices that are necessary during our economic struggles.

At this time the temporary browning out is anticipated to be for the period of July 1, 2010 – June 30, 2011, but it will be evaluated on a quarterly basis. Following a public hearing, the City Council approved this temporary service level change as part of the fiscal year 2010/11 budget on June 15th. Each of the Council members expressed their continued support of public safety as top priorities in the community, both Fire and Police.

As we have shared before, we are participants in the Battalion 7 comprised of Pinole, Rodeo/Hercules Fire Protection District and Contra Costa County Fire Protection District. Our Battalion 7 partners are aware of the upcoming brown-outs and have committed to continue to provide seamless automatic aid response within our community.

We plan to reactivate our West Contra Costa County Fire Technical Advisory Committee, appointed by the West County Mayors, to continue the dialogue regarding long term solutions. We have also budgeted for the assistance of an outside fire professional to help us analyze our options, work with our fire service partners, and prepare a recommendation for Council consideration to ensure sustainable fire service delivery into the future.

This service reduction is so unfortunate for our community, but we are left with little alternatives for the short run. Our Firefighters will continue to do the excellent job that they have always done in providing service to our residents and business community. With the help of our neighbors, a solution for the long term will be found.

- **CREDIT REVIEW – SEWER UTILITY**

The Standard & Poor's Investment Rating Service recently (06/16/10) completed a review of the City's financial management of Pinole's Sewer Utility and raised its bond rating from 'A' to "A+'. Based upon their review of Pinole's financial management practices, the higher rating reflects their conclusion that a stronger financial risk profile is justified by proactive rate increases which provide assurance to bondholders that sufficient revenues will be available for payment of debt obligations, operating expenses and immediate need capital improvements. A copy of their Press Release is attached, and their Summary Report is available on-line at www.standardandpoors.com/ratingsdirect (Pinole Joint Powers Financing Authority, California; Water/Sewer).

We have come a long way from the days when the Sewer Fund was operating in the red and we had to borrow monies from other funds to balance our operating budget. Good work staff and a big thank you to our residences and businesses for sticking with us and allowing us to implement the rate increases necessary to manage the plant efficiently and in a financially prudent manner.

- **MEASURE WW UPDATE: 3 OF 4 GRANTS RECEIVED**

The City of Pinole applied for 4 projects under the East Bay Regional Park District's Measure WW funding program. These are funds dedicated on a per capita basis to the City of Pinole. We received confirmation of funding for the following projects:

- Complete renovation of the Pinole Valley Soccer Field West (older field) and parking lot. This project includes grading, drainage improvements, irrigation installation, new natural turf, raised fencing, site amenity replacement (benches and drinking fountain) and a renovated parking lot. The West Contra Costa Youth Soccer League is also providing matching funds for this project in the amount of \$35,000.
- Installation of a Senior Fitness Trail adjacent to the Senior Center. This is an equipment purchase and installation of LifeTrail fitness modules that are outdoor exercise equipment for upper body, low body and core strengthening.

- Interior renovations at the Pinole Community Playhouse including removing non-bearing walls in the auditorium to create better sightlines and seating.

However, the City of Pinole will not receive funding for renovation of the Pinole Valley Tennis Courts. The tennis courts are located on land owned by Contra Costa County and the City leases this land for use of the tennis courts. It is a requirement of Measure WW that we provide a letter of intent from Contra Costa County of their intent to extend the lease for 20 years. We are unable at this time to procure the required letter from Contra Costa County showing their intent to renew and extend the property lease.

The County is utilizing this opportunity as “leverage” to put pressure on the City of Pinole to purchase the County Library. Due to the severe financial constraints that the City is experiencing, the City is unable to consider that purchase. While the County has verbally informed us of their intent to renew the lease, they are not willing to put it in writing for fear of losing their “leverage.”

We will be discussing this at the Community Services Commission meeting next Wednesday, June 23 at 7pm in Council Chambers and brainstorming ways to work with the County in order to secure the letter of intent and reapply for Measure WW funding for the Tennis Courts next fiscal year.

- **REVISED SMOKING ORDINANCE NOW IN EFFECT**

As we reported on April 9th, the Pinole City Council unanimously voted to revise the Secondhand Smoke Protections Ordinance. This ordinance extended protections in the following areas:

- within 20 feet of doors, operable windows, air ducts, and ventilation systems of any enclosed place of employment (including smoke shops) and enclosed places open to the public;
- in outdoor dining areas and restaurants;
- in outdoor lounges and dining areas at places of employment;
- in public parks and on public trails;
- in service areas (such as ATM lines, ticket lines, and bus stops);
- at public events; and
- at all times in private residences used as licensed childcare and health care facilities.

For Multi-unit housing developments with 2 or more units, smoking is prohibited:

- within 20 feet of doors, operable windows, air ducts, and ventilation systems of individual units;

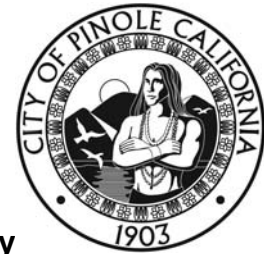
-
- in indoor and outdoor common areas; and
 - in 100% of all new units;
 - Permits designated indoor smoking area provided that it meets certain criteria
 - Permits designated outdoor smoking area provided that it meets certain criteria

These new requirements are now in effect. Businesses are responsible for posting the required signage to notify patrons, and for enforcing the ordinance. A simple one-page sign is attached to this report and can be copied and posted. A Contra Costa County sign is available to download from their website at:

http://cchealth.org/topics/tobacco/secondhand_smoke_protections_ordinance.php

“No Smoking” signs, with letters of not less than one inch in height or the international “No Smoking” symbol (consisting of a pictorial representation of a burning cigarette enclosed in a red circle with a red bar across it) shall be clearly, sufficiently and conspicuously posted in every building at each point of ingress and egress and at least one other conspicuous place within the buildings, or other place where smoking is controlled by this chapter, by the owner, operator, manager or other person having control of such building or other place.

-END-



**Pinole / Hercules WPCP Joint Powers Authority
Agenda
12:00 Noon
June 23, 2010
City of Pinole
Community Room**

1.		Call to Order
2.		Flag Salute
3.		Introduction of Participants
4.		Additional Items to be added to the Agenda
5.		Public Comments
6.		Approve Minutes - Recommendation: <i>Approve March 10, 2010 & March 24, 2010</i>
7.	Operations	
	A.	FY 2010 – 2011 Budget <i>Review and Approve the FY 2010 – 2011 Budget</i> Dean Allison/Ken Coppo
8.	Capital Improvements	
	A.	Final EIR for the Plant Upgrades – <i>Recommend that the City of Pinole Certify the EIR and Adopt the Mitigation Monitoring Plan</i> Dean Allison/Erwin Blancaflor
	B.	Status of Schedule for Pipeline to West County – <i>Verbal Update</i> Erwin Blancaflor
9.		Adjourn to the Next Meeting <i>Adjourn to next regular meeting July 28, 2010 at 12 Noon in the City of Hercules</i>

POSTED: June 17, 2010 @ 10:00 a.m.

Ana Morales

Kathleen Cyr

Pinole Joint Powers Financing Authority, CA, Wastewater Revenue Bonds Series 2006 Upgraded To 'A+' On Higher Rates

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NEW YORK (Standard & Poor's) June 15, 2010--Standard & Poor's Ratings Services has raised its rating on the Pinole Joint Powers Financing Authority, Calif.'s wastewater revenue bonds, series 2006 to 'A+' from 'A'. The outlook is stable. The wastewater system's net revenues secures the bonds.

"The higher rating reflects our view of the utility's stronger financial risk profile due to a substantial rate increase in fiscal 2007 and the increases approved for fiscals 2010, 2011, and 2012," said Standard & Poor's credit analyst Judith Waite. Management estimates that net revenue available for debt service will be about \$1.2 million, which would provide almost 2x debt service coverage (DSC) on the 2006 bonds' annual debt service of approximately \$625,000. Debt service payments begin in fiscal 2010. The rate increases have also improved liquidity, increasing available cash to more than \$1 million in fiscal 2009 from nothing in fiscal 2006. We expect the additional rate increases will result in greater cash reserves. Management does not expect to issue significant debt since it believes its sewer system investment in the past few years provides adequate capacity for Pinole's customers.

Pinole is a largely residential city in western Contra Costa County. Located in the San Francisco Bay Area, city residents have good access to employment opportunities throughout the San Francisco-Oakland metropolitan areas.

The wastewater system provides collection, treatment, and disposal services to Pinole, except for a small area that another regional system serves. The system also provides treatment services to the City of Hercules through a

Pinole Joint Powers Financing Authority, CA, Wastewater Revenue Bonds Series 2006 Upgraded To 'A+' On Higher Rates

joint powers agreement. Hercules manages its own collection system. However, Pinole also provides collection system maintenance services. Through a joint powers agreement, Pinole and Hercules have an equal ownership interest in the treatment plant, and share the cost of mutually beneficial capital projects. Pinole does not expect to have significant customer growth, as it is mostly built-out. It services 5,404 equivalent dwelling units (EDU), with a service population of about 19,383. Including Hercules, the system serves about 6,075 EDU with a service population of about 24,324.

The stable outlook reflects our expectation that approved rate increases will provide DSC above the minimum level required and maintain at least the current level of liquidity.

RELATED CRITERIA AND RESEARCH

USPF Criteria: Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds, Sept. 15, 2008

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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