

**SPECIAL MEETING  
PINOLE CITY COUNCIL / PINOLE REDEVELOPMENT AGENCY  
MINUTES  
JUNE 28, 2011**

**1. CALL TO ORDER & PLEDGE OF ALLEGIANCE**

The Special Pinole City Council / Redevelopment Agency Board of Directors meeting was held in the Pinole Council Chambers, 2131 Pear Street, Pinole, California. Mayor Swearingen called the meeting to order at 6:00 PM and Mayor Swearingen led the Pledge of Allegiance.

**2. ROLL CALL, CITY CLERK/SECRETARY'S REPORT & STATEMENT OF CONFLICT**

A. COUNCIL PRESENT

Phil Green, Council Member  
Debbie Long, Council Member  
Tim Banuelos, Council Member  
Peter Murray, Mayor Pro Tem  
Roy V. Swearingen, Mayor

B. STAFF PRESENT

Belinda Espinosa, City Manager / Executive Director  
Michelle Fitzer, Assistant City Manager  
Inga Lintvedt, Assistant City Attorney  
Richard Loomis, Finance Director  
John Hardester, Police Chief  
Dean Allison, Public Works Director  
Amy Wooldridge, Recreation Director  
Patricia Athenour, City Clerk

City Clerk Patricia Athenour announced that the Agenda was posted on Monday, June 27, 2011 at 3:00 PM. All legally required notice was provided. She asked the Council and Redevelopment Board of Directors whether there were any conflicts with any items on the agenda. None were reported.

City Clerk Athenour reported that an exhibit was provided at the dais and copies at the rear of the chamber.

**3. CONVENE TO A CLOSED SESSION – CITY COUNCIL AND AGENCY BOARD**

**4. RECONVENE IN OPEN SESSION TO ANNOUNCE RESULTS OF CLOSED SESSION**

**No Closed Session Scheduled**

**PROCLAMATION HONORING ASSISTANT CITY ATTORNEY INGA LINTVEDT**

Mayor Swearingen presented a proclamation honoring Assistant City Attorney Lintvedt upon her departure to the County of San Mateo as a Deputy Legal Counsel.

**5. CITIZENS TO BE HEARD (Public Comment – Items Not On the Agenda)**

No citizens addressed the Agency Board / City Council.

**6. PUBLIC HEARING**

City Council & Redevelopment Agency

CONTINUED BUDGET PUBLIC HEARING FROM JUNE 23, 2011

- A. Consider Adoption of the City Of Pinole and the Pinole Redevelopment Agency Operational and Debt Service Budgets For Fiscal Year 2011/12 **[Joint City Council / Agency Report 2011-68Jt; Action: Adopt Resolution Per Staff Recommendation (Espinosa / Loomis)]**

Mayor Swearingen reopened the Public Hearing. No speakers addressed the Council.

**Belinda Espinosa**, City Manager presented Joint City Council / Agency Report 2011-68 into the record with the exhibits as a summary presentation from the prior budget workshops. The meeting objective was to finalize any outstanding issues in anticipation of adoption of the 2011-12 Operations budget. She reported that the State reconvened again this evening and it is anticipated that there would be a report the following day on the State budget and status of redevelopment. Ms. Espinosa summarized each departmental budget, and noted that this budget assumed elimination of Redevelopment. Later there would be a legislative realignment of Redevelopment and the City could make changes depending on what transpired at the State level. She said they are still looking for \$700,000 in labor concessions, and this budget reflected receiving that amount. To date the management group had agreed to concessions and the other bargaining units were still negotiating. She highlighted the next steps and recommended adoption of the budget.

Mayor Swearingen said the budget was subject to change; and amendments may be made during the year. There would be quarterly reports with amendments as necessary. Mayor Swearingen solicited questions from Council.

Mayor Pro Tem Murray asked for a status on Redevelopment based on the emails received today.

**Richard Loomis**, Finance Director, provided an analysis of the bills introduced but not yet approved by the legislature; the “kill” bill and the reform bill (pay to play concept). One last attempt was made by CRA today to change the reform bill to make it more palatable to local agencies and less expensive to pay to play. Pinole’s price to play is \$2.6 million and staff hopes that the amount will be reduced so the Council can decide whether to proceed with or abandon Redevelopment.

Mayor Pro Tem Murray clarified that, as it stood now, the City was still receiving its increment. Mr. Loomis said there would be funding for debt service and administrative costs but did not know if there would be funds for any capital projects.

City Attorney Lintvedt added that in addition to the two bills referenced above, if those passed, there was language that invalidated all contracts back to January 1, 2011. She also said that

she received an email that a validation action was approved today in Sonoma County, and that was helpful information that our transfer would also remain valid.

Mayor Pro Tem Murray asked who would be responsible to administer Redevelopment with the cuts proposed to existing Agency staff.

Ms. Espinosa said that Public Works would handle the maintenance and the ground leases were not included as part of the money that would be returned to the state. She reported that staff was unsure at this time what would happen and cities have until October 1 to decide to close the Agency or continue with Redevelopment. If the existing staff is reduced as proposed in the draft budget, the Public Works Director and the Assistant City Manager would be tasked with the issues; perhaps declaring some of the properties surplus and offering them for sale.

Mayor Pro Tem Murray raised questions regarding retaining Redevelopment staff and whether the recommendation would be to stay with Redevelopment now, or wait to October to decide to continue. Ms. Espinosa said she could not answer those questions now, not knowing what the situation would look like next week or next month. She said her earlier recommendation was to reduce Redevelopment staff but now was unsure. Mayor Pro Tem Murray said his opinion was that the dedicated staff should continue with the Agency projects, with specific reference to Pinole Assisted Living Community.

Ms. Espinosa said one person would be retained to manage the housing portfolio and can help with PALC and other projects as directed by staff. If RDA was eliminated, three positions would not be necessary.

Mayor Swearingen raised the following questions:

1. Pg 31 of the Budget book, Acct. 32110, questioned why the State Motor Vehicles revenue was reduced. Mr. Loomis said the number does not change much as the number of vehicles in Pinole was fairly stable.
2. Requested clarification on Measure H reference. Mr. Loomis responded that it was a local measure funding for advanced life support, for which Pinole receives a portion of the ¼ cent tax. Loomis discussed the variation of the amount from year to year.
3. He questioned where Measure J was included and staff responded that it was included under capital projects for traffic, not in Operations. It will be in the CIP, which will be presented in August.
4. Requested clarification on SLESF, Pg 34. Mr. Loomis said it was approved in June and no funding was provided. He reported receiving notification today from Chief Hardester that the grant funding should be restored and in addition \$85,000 for booking fees. This would be new revenue not contained in this document, and the Council could program those funds at a future meeting.

Council Member Long inquired about a \$5,177 line item for a San Pablo JPA, as mentioned last week, and Ms. Espinosa reported that it could be omitted as it was a one-time cost for a lobbyist. Council Member Long noted that it should be the beginning of a reserve fund.

Council Member Long also raised questions about business license revenue and noted it had increased with staff's proactive enforcement.

**Vince Wells**, Local 1230, addressed Council regarding several issues that were addressed at earlier meetings. Those issues included the fact that the Fire staffing level was identified in their MOU and that the Council chose to take action and close Station 74. He discussed with the negotiation team the inappropriateness of the action during negotiations. He said his point was when Council decided to close Station 74; they had a right to impact bargaining and asked for a minimum staffing level of four at Station 73 and to maintain the 15 firefighters. Since there was no discussion this evening or decision being made, he pointed out that their MOU expires on June 30, 2011 and he felt there were some collective bargaining issues if the issue related to the 4-person staffing level was not addressed before July 1.

Mayor Swearingen said this budget has nothing to do with negotiations.

Mr. Wells continued the dialogue and said that Local 1230 had made the argument that closing Station 74 should be part of their contract negotiations. Before approving the budget, he believed that the issue of the station closure and the staffing level should be addressed.

Ms. Fitzer said Mr. Wells was correct regarding impact bargaining, and have engaged in several meetings and that there were some proposals put forward by Local 1230, but those proposals were related to MOU language and it was her recommendation that those be incorporated into the discussions and mediation would be used in an attempt to reach resolution.

Mayor Swearingen asked staff for clarification on the Council's position to take action outside of negotiations.

Ms. Fitzer cited a section in the MOU that spoke to the minimum level of staffing to be no less than fifteen for a one- year period, which expires June 30, 2011. That language was approved as part of the MOU before the Council approved the brown out of Station 74. She said she did not believe there were any legal issues with adopting a budget that calls for closing Station 74 and staffing with fifteen.

Mayor Swearingen said that the Council voted in March 2011 to fully brown out the station.

Mr. Wells said previously three options were on the table, with Chief Hanley recommending Option 3. Now it appeared it was no longer being considered by Council and the MOU stated a certain staffing level and as of July 1 they are supposed to be back to six firefighters on duty every day, every shift. He went on the record opposing approval of any budget, and stated there was a violation of collective bargaining.

Mayor Swearingen said Option 3 had never been off the table, but it is between the bargaining unit and the City's negotiating team.

Ms. Fitzer said while the MOU indicated a staffing level at 18, and the City would be running three at Station 73 and three at Station 74, but when Station 74 is browned out, no staff would be placed there. She then cautioned the Council from continuing this dialogue since there was a "last best and final" offer on the negotiating table.

Mr. Wells continued and said for the record that Local 1230 had bargained in good faith and came up with an adequate amount of reductions, closing the station saved almost a million dollars and now the goal for concessions has been stated at \$700,000 and they had asked for that number for months. He said that they have done everything they can to work with the City,

and in his opinion they are not negotiating in good faith since it appeared that their mind had been made up.

Council Member Green asked City Manager Espinosa whether the proposed budget book included Option 3.

Ms. Fitzer said they have included in the budget, staffing for fifteen and included overtime for the staffing that they believed to be adequate, but cautioned him that they are still in negotiations and that was the best response she could offer.

**Jack Meehan**, Pinole citizen, commented that the State had ultimate authority over its subordinate jurisdictions, including cities, counties, etc. and that is the reason the State has decided to take away the monies allowed under Redevelopment and it was probably in their realm of authority. He explained that the City budget was very exposed now and the Council was examining every fiber of the City government. Traditionally policy was set by the Council and the budget is organized to accommodate the policy, but now the reverse is being done and policy is being devised to accommodate the budget and it was an uncomfortable way of proceeding. He discussed that fire duties had changed over the years and the fire service needed to get more modern and hoped that the Council and the fire service would come together and face the future in modern times. He commended staff on the budget, specifically Mr. Loomis.

**Irma Ruport**, Pinole citizen, said she was disgusted with the labor negotiations and management, and negotiations behind closed doors and said she wished to bring the public into the discussions. She asked labor and management to come to the table in good faith, and asked the Council to approve this balanced budget, and remember they have to answer to the taxpayers, not the managers or the unions.

Mayor Swearingen closed the public hearing portion and brought the matter back before Council.

Mayor Swearingen asked whether there was a motion to adopt the operations budget as submitted this evening.

City Manager Espinosa asked that the motion include language that it is contingent upon the legislators accepting the budget, and amend the revenues to include the \$100,000 for SLESF and \$85,000 for the booking fees.

Mayor Swearingen again stated that the budget was flexible, and if State actions occur, it can also be amended later.

**ACTION: Motion by Council Members Murray / Banuelos, the Council Adopted Resolution 2011-37, Approving the FY 2011-12 City Operating Budget Only and Tabling the Agency Budget**

Council Member Long commented that she would not be approving the budget because she did not believe it was balanced or sustainable, and needed checks and balances on the Recreation budget. While she encouraged fundraising, she felt it was too optimistic and questioned how the shortfall would be addressed if the fundraising goal was not met. She said she was also looking for a savings in the short run and saw holes in the budget before the ink was dry. Last night she heard that employees had received merit raises when she saw the budget documents,

and only then was told. Her closing comments included that this was not a reflection of the time and hard work the staff had put into this budget, but that she could not vote in favor as she was accountable for her votes.

Council Member Green also commented that he had tried to provide direction and believed that the process had been reversed. The Council should give the direction as they are the elected officials, and they have had to make the difficult choices without the opportunity to give direction to staff regarding what the budget amounts would be. He explained that the Council should establish the allocations and staff should then draft the budget and this process has been the reverse, and the Council should be able to allocate revenues to specific departments, and it was staff's responsibility to find the money. He said every item should be voted on, and expressed his disappointment with the fund allocation process and he said he was unhappy with some of the staff members.

Mayor Pro Tem Murray said the budget was pretty well set; it was fluid but right now balanced. When the process began, staff gave a synopsis where we should be and every Council member provided different direction, and it was hard for staff to address everyone's different wishes. Staff did provide a plan working backwards with the building blocks, had several versions of the budget, providing all Council members an opportunity for comment and the open forum was good. He said individually the members have not gotten all that they each wanted, but had received some of what we all wanted and have done the best job possible, and the Council should review the entire budget as a component, not as individual pieces. He said five years ago was a different time, with no foreseeing the economy of today.

Council Member Banuelos said that staff had done an amazing job trying to retain as many programs as they have and the Council all agreed that police and fire were the priority and all agreed on certain programs/services to maintain. He said he expected issues would arise where the Council will need to amend the budget based on decisions from other agencies (i.e. the State). He said they all did not get everything they wanted, but collectively received what they wanted. He said all cities were facing the same situation and hoped as time passes the Council will be able to do the job they were elected to do - creating policy. In closing, he said he hoped they would still function with the same collective spirit.

Mayor Swearingen called the question.

**Ayes: Murray, Swearingen, Banuelos**  
**Opposed: Green, Long**  
**Motion passed: 3-2.**

Mayor Swearingen said the Redevelopment budget would be addressed separately and asked the Council their preference to either address this evening or wait for a countdown from the State.

Mayor Pro Tem Murray advised waiting until they knew what funds would be available, whether it would be the elimination or the reform bill and receive the outcome of the state decisions.

Council Members Green and Banuelos agreed, but Council Member Banuelos asked if there was a downside to doing it that way.

Mr. Loomis said there was no downside; that they would still have the same hard decisions to make in the future, but the advantage of more time would make the numbers firmer and possibly an easier decision for Council.

Ms. Espinosa said that they would continue with the existing Agency budget.

**The Council Agreed By Affirmation That They Would Continue The Redevelopment Agency Portion Of The Budget, Pending More Information.**

**NEW BUSINESS**

- B. Establish The FY 2011-12 Appropriation Limit in the Amount \$89,683,892 [Joint City Council/Agency Report 2011-69Jt; Action: Adopt Resolution Per Staff Recommendation (Loomis)]

**Richard Loomis**, Finance Director, entered Joint Report 2011-69 into the record, explaining that at the same time the budget is adopted, there is a requirement to state the appropriation spending limit as a result of initiatives approved by the electorate in the 1980's. He also explained that there is no way to spend near the limit and this was merely a housekeeping issue. He recommended adoption of the appropriation limit.

There were no comments from Council.

**ACTION: Motion By Council Members Banuelos / Murray, The Council Adopted Resolution 2011-38, Approving The City Of Pinole Appropriation Limit.**

**Vote: Passed 5-0**

- C. Authorize the City Manager to Execute an Extension and Increase A Line-Of-Credit Agreement With The Pinole Assisted Living Community In An Amount Not To Exceed \$4,000,000 [Joint City Council/ Agency Report 2011-70jt; Action: Adopt Resolution Per Staff Recommendation (Loomis)]

**Richard Loomis**, Finance Director, presented Joint Report 2011-70, addressing this extension for funding and payment obligations in an orderly fashion and a determination to borrow from the PALC trust account to minimize interest expense by internal borrowing. The recommendation is to amend and extend the agreement, with a fixed term, to increase the line of credit from \$3 million to \$4 million, since the City had to hold vendor payables last November and if the amount was increased this year, it would allow the ability to get through the last two months of the calendar year and improve relationships with the vendors. He said the Letter of Credit has been paid in full and it was not necessary to use it this spring, as earlier anticipated. The cash flow financing was needed approximately six months of the year and he recommended continuing this past practice and authorizing an amendment of the agreement and if the Council desired, the City would meet with the PALC board in July. The interest payable to PALC was approximately \$4,500.

Council Murray asked if there was any conflict for he and Council Member Long to vote on this issue. Assistant City Attorney Lintvedt initially stated that she was unsure, but staff and Mayor Swearingen clarified that they both had been able to vote last year, pursuant to City Attorney Reyes' opinion.

Mayor Pro Tem Murray asked for a status report on the PALC facility repairs.

Public Works Director Allison said that the bid documents would be advertised in late fall and the engineers estimate was \$1-1.5 million. Construction would begin in fall and completion was estimated at four to five months.

Council Member Long reminded her colleagues that the repairs for 2401 San Pablo Avenue were funded from this Line of Credit. She directed a question to Mr. Loomis, asking that since the budget was reduced by \$1.5 Million and the number of staffing reductions, was a four million dollar loan still necessary for cash flow, considering all the reductions. Mr. Loomis responded that \$3 Million was not enough last year and he recommended against putting that pressure on the operating staff and also subjected the City to increased costs due to late payment charges and that was the basis for increasing the borrowing.

Council Member Long said she was comfortable with this increase, because they performed so well last year, and as long as there are funds for the construction defect repairs, she was in favor.

Council Member Green asked how much longer this bridge financing would be needed.

Mr. Loomis said to the extent that we start building reserves, we will no longer need it.

Ms. Espinosa said the reason we did not need to do it earlier was due to available borrowing from the Agency. She said other cities also use tax anticipation notes to fund short term borrowing.

Council Member Green said three to four months ago, the City Attorney discussed using the Agency funds appropriately and he wanted to ensure that Legal staff approved the expenditures of Agency funds.

**ACTION: Motion By Council Members Long/Murray, The Council Adopted Joint Resolution 2011- 39/18-2011, Approving The Four Million Dollar PALC Line Of Credit Extension /Amendment.**

**Vote: Passed 5-0.**

**7. ADJOURNMENT** to the

At 7:57 pm, Mayor Swearingen adjourned the Special Meeting to the Regular Redevelopment Agency/City Council Meeting of July 5, 2011 and in memory of the fallen US Armed Service members and Pinole citizen Amber Swartz.

**SUBMITTED BY:**

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**Patricia Athenour, MMC**  
**City Clerk**

**Approved by Agency Board / City Council:**

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