

**PINOLE FINANCE SUBCOMMITTEE
MEETING MINUTES
April 12, 2023**

A. CALL TO ORDER

Mayor Murphy called the meeting to order at 3:05 p.m. The meeting took place in the Pinole City Hall Chambers, 2131 Pear Street, Pinole, California.

Board Members Present:

Mayor Devin Murphy
Mayor Pro Tem Maureen Toms
Treasurer Roy Swearingen

Staff Members Present:

City Manager Andrew Murray
Finance Director Markisha Guillory
Public Works Director Sanjay Mishra
Capital Improvement and Environmental Program Manager Misha Kaur
Deputy City Clerk Roxane Stone

B. PUBLIC COMMENT

Irma Ruport, Pinole, asked the City Council to consider an evaluation process for all City contractors/consultants with a mid-year or quarterly evaluation since the City had hired some people who had not completed their contractual tasks in the past, and in one case the City had hired a consultant who had not completed the job and who had been let go and she wanted assurance contracted work would be completed as proposed.

C. CONSENT ITEMS: None

D. BUSINESS ITEMS

1. Review Fiscal Year (FY) 2023/24 General Fund Baseline Budget [**Receive Report and provide direction (Guillory)**]

Finance Director Markisha Guillory provided a PowerPoint presentation on the Fiscal Year 2023/24 General Baseline Budget, which included an overview of the budget, budget development process, General Fund Baseline Budget and the components that made up the Baseline Budget.

Finance Director Guillory highlighted the purpose of the budget as a policy document, a financial plan and operations guide and a communication device for readers communicating the City's overall priorities and funding sources. She described at length the budget development process; components of the General Baseline Budget including the Structurally Balanced Budget Policy; Recurring Budget Items; Non-Recurring Budget Items; FY 2023/24 General Fund Baseline Budget Highlights; a summary of the FY 2023/24 General Fund Baseline Budget; where General Fund dollars came from overall; Property Tax, Sales & Use Tax; Utility User's Tax (UUT); Franchise Tax; Intergovernmental Taxes; Transient Occupancy Tax (TOT); Business License Tax; Charges for Services (including public safety charges); Other Revenue; where the General Fund dollars were disbursed; Salaries and Wages; Benefits; Operations and Maintenance; Contra Costa County Fire Protection District (CCCFPD) Services Agreement; Capital Outlay; Debt Service; and Transfers Out.

Finance Director Guillory identified the next steps in the process which would include a Special City Council meeting scheduled for April 25, 2023 for a Budget Workshop, at which time staff would present the Baseline Budget and Capital Improvement Plan (CIP) and receive Council member requests for additions or deletions.

The Finance Subcommittee was asked to provide any recommendations for consideration to be brought forward to the full City Council. From there staff would prepare the Preliminary Proposed Budget.

Finance Director Guillory recommended the Finance Subcommittee receive the report and provide recommendations to be presented to the full City Council during the April 25 Special City Council meeting.

Treasurer Swearingen clarified with Finance Director Guillory that the City would receive funds from Contra Costa County for the reopening of Fire Station 74, with the \$5.6 million shown in the baseline budget, the net of the costs, and with \$7.3 million to be used to operate the fire station. The net surplus deficit from 2022 as compared to 2023 was also clarified with staff in the process of departmental review and identification of measures to reduce the deficit and with some budget balancing measures to be proposed.

Mayor Pro Tem Toms reported the Finance Director had answered some questions she had earlier in the day but she wanted to ensure the 19 percent increase in property tax was for this next fiscal year. She understood that anything on the Recognized Obligation Payment Schedule (ROPS) was completely separate from the budget document to ensure what was received to pay the ROPS expenses and the revenue was completely separate, and Finance Director Guillory clarified that was accurate with the exception of the residual and pass through that flowed into the General Fund.

Mayor Pro Tem Toms was uncertain how the City had reached the 19 percent increase and again referenced the amount for the ROPS payment from last fiscal year to this fiscal year, with a \$2 million difference. She understood the City would receive 19 percent of that with a growth factor of property tax that was not through redevelopment but she wanted a better understanding of that as part of ongoing discussions.

Finance Director Guillory stated she had taken note of the Mayor Pro Tem's concerns.

Mayor Pro Tem Toms spoke to the uses for the CCCFPD Agreement which stated it was zero percent with no change in the budget, but which should come up since the salaries would come down and it had changed line items that should be equalized by the contract where the line item would show a higher percentage.

Finance Director Guillory explained they had been separated out, last fiscal year had been compared to this fiscal year, which was why a zero value had been shown. She clarified some of the line items had come down, as shown, and some had netted out by increases in other areas. There were also areas of fire services the City had to retain, such as abatement, which was around \$120,000 and which had been budgeted with utilities and maintenance remaining in the budget.

PUBLIC COMMENTS OPENED

Rafael Menis, Pinole, commented the PowerPoint presentation had covered some items that had not been included in the staff report and he suggested the PowerPoint be uploaded to the City's website after the meeting. As to Table 1 of Page 6 of 78 of the agenda packet, he identified an error in the percentage change for transfers out which should be corrected. He also made some comparisons between the Long-Term Financial Plan (LTFP) and the FY 2022/23 budget, as shown on Page 64 of 237 of the budget and the CCCFPD Agreement, and noted the main change in Table 1 as compared to the LTFP projection was an expenditure increase of \$730,098 and a reduction in transfers in of \$581,716 due to fire being shifted to the CCCFPD contract. He asked for clarification on that point. He also suggested it would be helpful for future versions of the same table in the document to include the LTFP estimates for the baseline as a third column and a separate table as a comparison.

Mr. Menis also commented the CCCFPD fire services agreement appeared to be quite a bit less than the final adoption of the contract value as shown on Page 24 of 955 of the October 10, 2022 City Council meeting agenda packet, which should be clarified.

PUBLIC COMMENTS CLOSED

Finance Director Guillory explained that the error identified on Table 1 of Page 6 of 78 of the agenda packet had been discovered by staff after the fact but the error would not impact the bottom line numbers. For the transfers out, the dollar change should be zero and the percentage change should be zero as well. The total was still accurate.

As to the comparison to the LTFP baseline budget, Finance Director Guillory stated there were a number of factors involved. On the revenue side a higher amount had been budgeted for the transfer in from the pension trust, and with the change in fire that amount had been lower. Staff was still working out that number since the City was still responsible for the unfunded liability of the fire staff as well as the normal costs. Staff must look at the difference between the two since the City was still responsible to pay for those portions of the pension costs. She did not expect it to be the \$2.4 million projected in the Long-Term Forecast but it may not be as low as currently shown.

City Manager Andrew Murray added there was some updated information on some of the costs in the baseline budget relative to what had been shown in the LTFP forecast, including employee medical benefit costs and rates higher than forecast, a number of insurance costs were higher than expected, and assumptions had been updated relative to costs for supplies, materials and capital outlays where a 19 percent increase year over year was expected.

In response to Mr. Menis' questions about the CCCFPD Fire Services Agreement reflecting a higher number in the table than in the agreement itself, Finance Director Guillory stated she would have to look at the agreement to respond accurately to the questions raised.

Mayor Pro Tem Toms commented that when the City had reviewed the CCCFPD Fire Services Agreement, the Local Agency Formation Commission (LAFCO) had suggested the City of Pinole consider annexation into the CCCFPD. She was familiar with the distribution of taxes in other areas that were part of the CCCFPD where there may be a percentage of the property taxes that would go into the Special District. Many times it could be anywhere from 18 percent, which was what the Rodeo-Hercules Fire Protection District received from the taxpayers in those two communities.

Mayor Pro Tem Toms stated that based on Pinole's total property tax baseline at \$5.6 million, and the contract with CCCFPD also at \$5.6 million, if the City were to consider annexation at some point in the future it was likely the full 18 percent would be a pass through and the baseline would jump again in the next year when the City completely retired its debt from redevelopment and they would get the full percentage but it would still be a high number. She suggested long-term sustainable fire services beyond the agreement period with CCCFPD and beyond the time in which Measure X was in existence the City would need to ensure that was sustainable and if it rose too much above the property tax amount versus the CCCFPD contract amount that was something the City needed to monitor.

2. **Overview of Draft FY 2023/24 Through 2027/28 Capital Improvement Plan
[Review and provide recommendations (Mishra)]**

Capital Improvement and Environmental Program Manager Misha Kaur provided a PowerPoint presentation that included an overview of the Draft FY 2023/24 through 2027/28 Capital Improvement Plan which included an overview of the Draft Five-Year CIP containing 32 capital projects and seven infrastructure assessments. For Fiscal Year 2023/24, there were 30 capital projects slated for work and seven infrastructure assessments in the categories of: facilities, parks, sewer, stormwater, streets and roads and infrastructure assessments.

Ms. Kaur also highlighted the summary of projects in the Draft CIP which included projects that would be completed by June 30, 2023, new projects for FY 2023/24, removed projects and combined projects and changes since the distribution of the agenda packet, which identified the following revisions:

- Project RO1708 – Pinole Valley Road Improvements added, budget increased by \$100,000 for FY 2023/24;
- Project RO1714 mistitled as RO1704;
- Budget changes for Project RO1902 – Pedestrian Improvements at Tennent Avenue near the railroad of approximately \$345,000;
- Draft CIP constituted the proposed FY 2023/24 budget in the amount of \$14,307,853 with the unfunded portion of the FY 2023/24 budget at \$1,320,300; and
- Draft CIP Five-Year included \$54,145,599 in identified projects of which \$30,120,300 were unfunded.

Ms. Kaur further detailed the tentative schedule for presentation of the CIP moving towards the Final CIP, which would include the Special City Council meeting on April 25, 2023 and presentation of the Draft CIP to the Planning Commission at a meeting in May ultimately leading to the Final Proposed CIP for City Council consideration on June 20, 2023. She also highlighted the FY 2023/24 budget summary.

Treasurer Swearingen referenced Project R01902 Pedestrian Improvements at Tennent Avenue near RXR and clarified with Ms. Kaur that the City had received \$100,000 to complete the preliminary engineering for the Tennent Avenue project, for the closure in the Bay Trail gap, and an improvement to the railroad crossing, and had spent half and had gotten far enough in the design to submit an application for the construction portion of funds through a One Bay Area Grant (OBAG). The City needed a match of roughly \$345,000 and the West Contra Costa Transportation Advisory Committee (WCCTAC) would have another call for projects. Already qualified for Subregional Transportation Mitigation Program (STMP) funding, staff hoped to apply to seek the additional match needed for the construction portion to get additional WCCTAC funds.

Mayor Pro Tem Toms clarified with Ms. Kaur that RO1902 Pedestrian Improvements at Tennent Avenue would not include removal or replacement but connection to the Railroad Avenue Bridge.

Mayor Pro Tem Toms reported she had spoken with someone at the Contra Costa County Flood Control District (CCCFCD) and that area was a choke point. The City should loop back with the CCCFCD to determine whether there was any opportunity to address that issue since work would be done.

Ms. Kaur commented on the difficulties staff had with the CCCFCD as to who was liable for the bridge and finding documents to clarify that issue but she could again reach out to the CCCFCD to determine what could be done.

PUBLIC COMMENTS OPENED

Rafael Menis, Pinole, asked how the Active Transportation Plan (ATP) identified projects linked to the CIP and whether it would be possible to consolidate two of the unfunded project categories such as Projects UF017 Sidewalk Gaps, and UF016 Shale Hill Retaining Wall and Sidewalk Gap into a San Pablo Avenue Complete Streets category and whether that consolidation would make it easier to apply and obtain grants and regional funding. He also asked whether there was anything one could do to help with the grant writing process for Project UF016, in particular, since the Shale Hill Retaining Wall and Sidewalk Gap was a safety hazard, quality of life, arterial, and traffic flow issue.

PUBLIC COMMENTS CLOSED

Treasurer Swearingen referenced Project FA1902 Energy Upgrades and asked if the project was just for the HVAC system on the roof of City Hall or whether the roof would be replaced.

Public Works Director Sanjay Mishra reported an inspection had been done for the roof at City Hall, it would require some replacement, but the HVAC system had been rehabbed in the last year.

Mayor Murphy pointed out that Project FA1902 Energy Upgrades had shown both systems (HVAC and roof) needed to be replaced, which should be corrected.

Ms. Kaur identified Project FA1702 Citywide Roof Repairs and Replacement, which referenced the inspection the Public Works Director had mentioned.

Treasurer Swearingen spoke to Project PA1901, Pinole Valley Park Soccer Field Rehabilitation and the funds budgeted for Soccer Field 2, which may have been removed from the budget at one time, but he understood it would cost more to do the soccer field correctly.

Soccer Field 2 was in poor shape and Treasurer Swearingen asked whether there was any proposed budget to refurbish the field or give it another use since the area was currently being used as a dog park.

Public Works Director Mishra confirmed there were funds in the budget for Soccer Field 2 but the project had been deferred until the completion of the Park Master Plan.

Treasurer Swearingen suggested it would be helpful if the nets for the soccer field were installed as quickly as possible, and Public Works Director Mishra stated he would work with the operations and maintenance staff to see whether the nets could be installed.

Treasurer Swearingen referenced Project RO1710 San Pablo Avenue Bridge over BNSF Railroad. He understood the bridge would have to be raised to meet the height standards for the railroad tracks, which would increase the cost of the project. He asked for clarification for the cost of the project since different figures had been shown on Pages 56 and 76, which needed to be corrected. He suggested the figure was an old number and possibly the City may have to amend its request to the state for funding since the project may increase significantly and it had been in the design stages for the past three to four years.

Public Works Director Mishra clarified that Project RO1710 was still in the preliminary design and environmental stage running concurrently with staff waiting for confirmation from Caltrans on the conceptual bridge type selection. Once confirmed, the project would move on to the final design stage and request for funds for construction. The construction estimates would be better defined by the time the project was presented to the City Council.

Treasurer Swearingen referenced Project IN2201 Energy Audit and asked if the project was conducted on an annual basis, to which Public Works Director Mishra clarified the project was a capital project included in the CIP to complete an energy audit for all City facilities with an opportunity to identify possible upgrades or changes to lighting, as an example. The audit would be one time but implementation would cover several years.

City Manager Murray added the scope for the Energy Audit was as described in the CIP. The scope had increased over the years for energy efficiency, conservation, generation and storage all within the scope of the assessment.

Treasurer Swearingen referenced Project IN1704 Park Master Plan and clarified the budget figures but nothing had been shown in the next four years. He asked for clarification on the frequency of parks maintenance.

Public Works Director Misha explained that most of the parks maintenance was being done by the Public Works Department operations and maintenance. The Park Master Plan was under preparation and while unfunded had been included in the CIP. The Park Master Plan would inventory all City parks and provide recommendations.

Open space was not part of the Park Master Plan evaluation, but given the recent winter storms the City had invested time and money in its unmaintained open spaces.

City Manager Murray clarified the \$150,000 shown for the Park Master Plan was not for capital improvements to parks but to fund the Park Master Plan itself with a consultant having been selected and with a kick-off meeting scheduled for April 13, 2023 for the Park Master Plan, which would identify the capital improvements needed. Most of the park maintenance was not in the CIP but contained in the operating budget since it was recurring ongoing work performed primarily by Public Works Department staff.

Mayor Pro Tem Toms asked that the CIP be uploaded to the City website, suggested some of the PowerPoint pages would have been helpful if also included in the staff report, asked for a balance of the different pots of money which would be useful to see and asked of the timing for the Park Master Plan.

City Manager Murray stated the Park Master Plan would take a year to develop.

Mayor Pro Tem Toms stated since it would take about a year for the Park Master Plan to be completed, the consultant must keep in mind this time next year that they would be considering implementation of the Park Master Plan and possibly adding some projects with the work to be done early enough to start implementation. With respect to some of the park open spaces where trees were being removed for safety reasons, she asked where the funds were coming from to fund that work.

Public Works Director Mishra advised the operations and maintenance budget had some funds allocated each year for tree trimming and staff was tapping into those funds for now but more funds would be requested as they moved forward given the number of trees that needed to be addressed.

Mayor Pro Tem Toms asked that staff work to determine whether the City could obtain reimbursement for some of the initial damage assessments as a result of the winter storms and removal of trees that had fallen, and Public Works Director Mishra reported that staff had initial meetings with the Federal Emergency Management Agency (FEMA) and the California Governor's Office of Emergency Services (Cal OES), had compiled the costs for tree maintenance, and staff would be seeking reimbursement.

City Manager Murray reiterated that City staff had met with FEMA and Cal OES officials. Mitigation work was being conducted on eucalyptus trees and the two unmaintained areas of the City. As a result of that meeting, staff had received a positive indication the costs would be fully reimbursable through the original emergency declaration from the December 2022 to January 2023 storms. Staff would be adding a Tree Mitigation Project to the CIP in the next version of the Draft CIP for City Council consideration based on advice from a consulting arborist who had recommended the removal of some trees over the next five years and the magnitude of that cost would qualify as a CIP project.

Mayor Murphy commended staff on the effort to obtain grants, which had been a priority of the City Council and which had been reflected as the CIP had evolved. He suggested the Finance and Public Works Departments integrate language on the financial policy for the Grants Management Policy, which would be helpful for those reading the CIP. He asked staff to respond to the public comments about merging some of the unfunded projects outside of the City Council direction and clarify the methodology of the CIP.

Ms. Kaur explained there were opportunities at times when certain projects were funded through either General Fund or Measure S funds to merge the projects. That was difficult when there were grant funded projects. As an example, staff was working on an arterial project funded with City dollars and to add on nearby projects when getting bids was not difficult, but with grants the City could not defy the grant requirements which was difficult when dealing with road projects. She and the Public Works Director had discussed some of the smaller projects such as slurry seal projects for roadways when using City funds, and they were looking to combine that into one large bid rather than separate bid solicitations.

Ms. Kaur added the ATP had recently been awarded and the City would get to a point where it could add new projects. The concept of Complete Streets had also come up in terms of combining projects and that was one component of the ATP, and hopefully more projects would be folded into next year's CIP.

Mayor Murphy referenced Project IN2201 Energy Audit and asked what the funds had been spent on for this year, to which the Public Works Director advised that none of the \$50,000 in funds had been spent.

Ms. Kaur explained that Project IN2201 Energy Audit would look at opportunities for efficiency, conservation and generation. Project FA1902 Energy Upgrades would address replacing the heating, ventilation and cooling HVAC systems at City Hall and the Senior Center with a portion of the roof at the Senior Center required to be replaced. She noted that around \$90,000 had been spent on rehabbing portions of the heating system at City Hall, with \$150,000 additional funds programmed for the next year to continue more rehabilitation work. For Project IN2101 Emergency Power for Critical Facilities, this project would also address energy upgrades in the sense that the critical facilities would be evaluated and then use funds to address any infrastructure upgrades.

Mayor Murphy referenced the dog park restroom which was unfunded and which had reached its "useful life" and clarified with Ms. Kaur the "end of life cycle" or "end of life" meant it was at a point of needing rehabilitation or replacement, either completely or a portion and she offered examples.

Mayor Murphy referenced Project RO1902 Pedestrian Improvements at Tennent Avenue near RXR, and clarified with Ms. Kaur the project was a specific City Council directive and initiative outside of the CIP process.

Two years ago the project had been funded since the City had received STMP grant funds through WCCTAC and once that work had been completed the City did not have the funds to move forward to construction. The City had been able to use the design work to secure additional funding. A similar situation had occurred with Project RO2105 Appian Way Complete Streets, where the City had preliminary engineering funds through STMP and once the project was complete the City would only have a design but it would help to have grant ready material to secure additional funding.

Mayor Murphy asked whether RO1902 Pedestrian Improvements at Tennent Avenue near RXR would impact the baseline budget and Finance Director Guillory stated it would not since capital had been determined to be one-time and had not been factored into the baseline budget.

Mayor Murphy again referenced Project IN1704 Park Master Plan, and asked for clarification on the decision points for delaying some park affiliated projects such as the soccer field replacement.

Public Works Director Mishra explained that the soccer field had been delayed awaiting the completion of the Park Master Plan.

City Manager Murray added the improvements to the primary soccer fields at Pinole Valley Park predated the Public Works Director and his employ with the City. Before the project was implemented, the City Council at that time had decided to move forward with a Park Master Plan and defer the project until the Plan had been completed. The City Council may change its decision at any time. As to the status of Soccer Field 2, the question was whether that was the best use of the space and it was appropriate to defer any improvements since the Park Master Plan may identify another appropriate use.

Mayor Murphy commented that the history and status points in the PowerPoint presentation would be valuable to have in the CIP.

Although public comment had been provided earlier, Deputy Clerk Stone reported there were more members of the public wishing to speak.

Anthony Vossbrink, Pinole, suggested there was limited public participation via Zoom since the telephone number and web identification numbers had not been identified on the screen and it likely impacted the ability of residents to participate in the discussion. He asked where the overtime costs for City staff had been identified in the budget and asked for clarification for the reason for the reduction in the budget of 18 percent; asked who had decided what was prioritized in the budget related to overtime and tree trimming and cleanup such as along the Adobe Road dog park. He also reported the Pinole Valley sign had been knocked down in front of the fire station for the past several weeks, several trees in the barbeque area in the grove across the dog park had been down for months if not years, restrooms were inoperable, and he questioned how the City could impose fees on the use of the area.

Irma Ruport, Pinole, expressed concern with the parks maintenance contract which should be brought up to date immediately as opposed to waiting another year. She suggested many plans should be brought up to date, particularly if City Hall was fully staffed. She otherwise commented that she was proactive with grants, had completed grant training with Contra Costa County Supervisor Glover, and reported on a new grant opportunity, a Keller Canyon Grant for East County which had been expanded to Central and West County. She emphasized the importance of grant opportunities, suggested all City staff should be looking out for grant opportunities and the City should consider hiring a grant writer.

Ms. Kaur reported that staff would be meeting internally to provide the fund balance for the next hearing and determine whether there were other projects that could be moved and rely on other funding sources, such as the use of impact funds. The next iteration of the CIP may show some fund balance changes from Measure S to impact fees. Again, the budget and CIP would be presented to the City Council at a Special Meeting on April 25.

Mayor Pro Tem Toms understood that a jurisdiction may defer the collection of the impact fees for affordable housing projects until right before occupation and it would be useful to know the impact fee balances, whether any of the fees had been deferred to the other end and whether staff would be able to project what would be coming up.

Mayor Murphy reported no action had been requested of the Finance Subcommittee, an advisory committee that made recommendations to the City Council.

E. ADJOURNMENT

At 4:35 p.m., Mayor Murphy adjourned the meeting to the next Finance Committee meeting.

Approved: March 27, 2024



Heather Bell, CMC
City Clerk

