

PINOLE FINANCE SUBCOMMITTEE
MINUTES
AUGUST 10, 2021

A. CALL TO ORDER

Mayor Martinez-Rubin called the meeting to order at 3:06 p.m. The meeting took place via Zoom teleconference and was broadcast from Pinole City Hall Chambers, 2131 Pear Street, Pinole, CA.

Board Members Present:

Mayor Norma Martinez-Rubin
Mayor Pro Tem Vincent Salimi
Treasurer Roy Swearingen

Staff Members Present:

City Manager, Andrew Murray
Assistant City Manager, Hector De La Rosa
Finance Director, Markisha Guillory
Planning Manager, David Hanham
City Clerk, Heather Iopu
Management Analyst, Roxane Stone

B. PUBLIC COMMENT

City Clerk Heather Iopu reported no written correspondence had been received.

Management Analyst Roxane Stone reported there were no comments from the public.

C. CONSENT ITEMS

1. Approve Minutes of the May 12 and June 3, 2021 meetings.

ACTION: Motion by Treasurer Swearingen/Mayor Pro Tem Salimi to Approve the Minutes of the May 12 and June 3, 2021 meetings, as shown.

Vote:	Passed	3-0
	Ayes:	Martinez-Rubin, Salimi, Swearingen
	Abstain:	None
	Absent:	None

D. BUSINESS ITEMS

1. American Rescue Plan Act and Additional Fiscal Year 2021/22 Appropriations Process **[Discuss and make recommendation (Guillory)]**

Finance Director Markisha Guillory explained that the Finance Subcommittee had been asked to discuss and provide recommendations on the American Rescue Plan Act (ARPA) funds allocated to the City of Pinole, and for additional Fiscal Year (FY) 2021/22 appropriations to be presented to the City Council at its August 17, 2021 meeting.

Finance Director Guillory provided a PowerPoint presentation which included an overview of ARPA with the City of Pinole's ARPA allocation determined to be \$4,605,010. Pinole had received its first installment of \$2,302,505 in July 2021. The second installment was expected to be received one year later in July 2022. Allowable uses of ARPA funds included public health, negative economic impacts, premium pay, infrastructure, and revenue replacement. ARPA funds could not be used to directly or indirectly offset tax reductions or delay a new tax or tax increase and deposit funds into a pension fund.

ARPA funds were a one-time source of funds and should be applied primarily to non-recurring expenditures. Factors to consider when using the ARPA funds were noted and included that the funds should be applied primarily to non-recurring expenditures, avoid creating new programs or expansion of existing programs that required an on-going financial commitment that could not be sustained after ARPA funds were exhausted, and seek opportunities to make investments in critical infrastructure that provided benefits to the community over the long term.

All ARPA funds must be used for costs incurred during the period of performance that began on March 3, 2021. The funds must be obligated by the City Council by December 31, 2024, and expended by December 31, 2026. Any unused portion of the funds must be returned to the U.S. Department of the Treasury.

Director Guillory highlighted the additional FY 2021/22 appropriations the City Council had added to the budget beyond what had been contained in the Revised Final Proposed FY 2021/22 Operating and Capital Budget through the use of General Fund and Measure S fund balances, as outlined on Page 33 of 37 of the August 10, 2021 agenda packet. She noted the estimated fund balance had not been audited, the numbers were not final but staff was confident the estimates were close to the final estimates. Final year-end numbers would be provided in September 2021.

In terms of the appropriations process, staff recommended establishing guiding principles, providing opportunities for community input, using analytics gathered from community responses, incorporating staff input and exploring opportunities to advance strategic plan strategies.

As to the development of an appropriations process, staff had recommended holding two 3-hour workshops to facilitate collaboration amongst the community, staff and the City

Council. Staff also recommended as part of the process incorporating interactive engagement tools to assist Council decisions on appropriations of ARPA funds and additional appropriations of General Fund and Measure S balances, with a proposed schedule for the budget workshops and format as outlined in the staff report.

In terms of the next steps following the Finance Subcommittee meeting, staff intended to present the Finance Subcommittee recommendations on the ARPA funds and additional General Fund and Measure S appropriations process to the City Council at its August 17 meeting for discussion and direction, with the budget workshops to be held thereafter pursuant to the schedule in the staff report.

City Manager Andrew Murray explained that the budget was to be adopted by June 30, 2021, but the City Council had been unable to discuss all of the different appropriations each Council member had proposed. As such, the City Council agreed to have additional discussions this fiscal year for additional appropriations to be made now to the FY 2021/22 budget. The City Council may make modifications to the budget at any time during the course of the year.

City Manager Murray reported when the item for additional appropriations had been scheduled for City Council consideration, the City Council had agreed to a two-public workshop framework to discuss the additional appropriations and when learning of the ARPA funds, staff had suggested the appropriations of those funds be discussed as part of this fiscal year. As such, a two-public workshop framework process had been recommended to brainstorm and discuss any additional appropriations for this fiscal year to decide what to do with the ARPA funds.

City Manager Murray again highlighted the options for consideration as outlined in the staff report and welcomed input from the Finance Subcommittee. He added that the Finance Director had researched how other communities had handled their ARPA appropriations and processes with a number of cities having engaged with consultants to support the cities in the appropriation decisions. Some cities engaged consultants to facilitate workshops and others to provide advice as subject matter experts on the allowable uses of ARPA funds, what investments could be made, and to identify a city's greatest needs. In between each workshop staff would analyze all of the ideas provided and the City Council would be asked to make a decision at the second workshop.

City Manager Murray added the ARPA funds were restricted as outlined in the staff report. In terms of public health and premium pay related to COVID-19, the City had limited expenses in that area and he did not see ARPA funds would be used for that purpose.

In terms of lost revenue, the City of Pinole may claim a significant portion of its ARPA allocation as reimbursement for lost revenue, but the funds would sit in the General Fund balance until appropriated providing a flexible way to claim the funds. ARPA funds may be used for economic support for households, businesses, economic development and infrastructure expenses. The federal government was currently working on an infrastructure bill that could provide for transportation-related projects.

The ARPA funds were really limited to broadband, Clean Water and sewer in terms of infrastructure and the current City budget already included funding for studies of Municipal Broadband, the Sewer Master Plan and Water Reuse Feasibility Plan for affluent. In discussions with Public Works Department staff, it was premature to appropriate funding for either broadband or sewer projects until those assessments had been completed.

Finance Director Guillory explained in response to the Mayor that the City's revenue losses included recreation, gas taxes, and wastewater revenue with the three years prior to COVID-19 used as a benchmark and with losses in excess of the first ARPA installation. One transaction not included was the sale of property in 2017/18, which had driven some of the numbers up and which could change if that transaction was eliminated.

City Manager Murray and Director Guillory explained that if the ARPA funds were used to pay the City for lost revenues the monies claimed for that purpose must be obligated within the time frame stipulated, by the end of 2024 and expended by 2026. There were many options available. As previously stated, the City was currently conducting assessments on broadband and sewer and once complete the City would have a better understanding where the most valuable investments in assets should be made. It made sense not to make investments in those areas at this time.

City Manager Murray acknowledged the most pressing need was mitigating the economic impacts from COVID-19. The City would be developing an Economic Development Strategic Plan but that Plan would be long term and would not necessarily address the impacts on households and local businesses due to COVID-19. Immediate assistance was needed for businesses and households to help overcome the impacts from COVID-19. This had been discussed in-house by staff and was a decision the City Council could make now to appropriate some ARPA funds and provide direction on the form of a program to provide relief. Some assessment would be needed, consultants could provide assistance, the City had a Small Business Assistance Program which had been developed intuitively absent a needs assessment or gap analysis, and there were many forms of programs for assistance for households and businesses related to COVID-19.

If the City were to invest any ARPA funds for that type of assistance, City Manager Murray suggested a needs assessment and gap analysis would be needed and may be something to consider.

Mayor Martinez-Rubin asked the status of premium pay and was informed by Finance Director Guillory she was uncertain the City had any expenses that fell under that category. The ARPA funds were for expenditures effective March 23, 2021, with the Coronavirus Aid, Relief, and Economic Security Act (CARES) covering public safety overtime and the like. She had discussed with the City Manager that no expenditures had been identified that would be allowable in this category.

City Manager Murray clarified that some expenditures may be able to be identified in that category such as some Fire Department staff backfilling if staff was out on quarantine protocols, but it would be minor as compared to the other categories.

Some cities including Contra Costa County had taken the position that the first expenditure and use of ARPA funds was to pay their cities back for things they had lost or expended related to COVID-19, and some cities were going through an expensive process to identify those expenses, recover any lost revenue, and then consider economic impacts or infrastructure with whatever ARPA funds remained.

Treasurer Swearingen understood the area of infrastructure was very narrow. He had recommended a process for generators for City Hall and the Senior Center but understood that was not within the scope of the use of ARPA funds. He would like to see whether there was some way to tie those expenses into COVID-19 impacts given it was an emergency situation and COVID-19 had been an emergency situation for well over a year. He also found that there were many economic impacts related to COVID-19 that could be discussed further.

Mayor Martinez-Rubin sought the identification of principles the City Council may consider. She thanked staff for the report and the distillation of all available information to make sense of the use of ARPA funds. She recognized that the ARPA funds were a one-time source of funding and this was a historic moment to determine how to make a difference in the community. She wanted to see the funds be considered for immediate relief, to build upon things already in place and to improve existing aging infrastructure.

Mayor Martinez-Rubin commented that once the needs assessments were complete, the infrastructure bill approved by the Senate to date would make its way down to local government and the timing may be such there could be a discussion on how best to use those funds if and once received.

Mayor Martinez-Rubin wanted the Finance Subcommittee to consider how the use of ARPA funds would benefit everyone across the City in one way or another, different from considering eligibility versus actual receipt of the funds. She suggested dividing the first installation of the ARPA funds into thirds, with one portion for immediate relief to be divided proportionately amongst the number of small businesses in the City based on business licensing data and the other portion for relief among residents facing the possibility of eviction since eviction moratoriums would be coming to an end soon. Those funds could be made available to any resident or business owner in Pinole with some built-in eligibility criteria. Another third of the ARPA funds could go to projects already in place that fell under the category of infrastructure.

Treasurer Swearingen again clarified with Finance Director Guillory that all ARPA funds must be used for costs incurred during the period of performance that began on March 3, 2021. The funds must be obligated by the City Council by December 31, 2024, and expended by December 31, 2026. He liked the Mayor's proposal in generalities which may provide guidelines for the City Council and the community but the funds did not have to be spent all at once. He agreed those suggestions should be forwarded to the City Council.

City Manager Murray clarified the recommendation for the Finance Subcommittee to consider at this time was for the process and the series of two workshops, as outlined in the staff report. They were not at the point of making specific appropriation recommendations to the City Council. He clarified that the budget did include funding for emergency power backup, a project funded in the capital plan, but was not an eligible expenditure for ARPA funds.

Mayor Martinez-Rubin referenced the process outlined in the staff report and recommended the use of an outside facilitator, which would free staff for the necessary research.

Mayor Pro Tem Salimi agreed with the process as proposed for the two workshops and bringing in an outside consultant to facilitate the process. He recommended a portion of the ARPA funds be left aside for immediate relief, with staff to identify the availability of and how to distribute the funds.

Mayor Martinez-Rubin suggested consideration of the use of Slido, an audience interactive tool and platform for polling, which could be done through Zoom as part of the two-part workshop. She was otherwise uncertain whether the workshops would be held virtually or in-person.

City Manager Murray explained that staff had researched various platforms such as The Balancing Act Tool, which was the predominate tool that offered a lot of functionality but which involved an annual subscription and could be used prior to the next year's budget. The Finance Director should be able to provide more information to the City Council on the costs for that tool. As to the workshops, he was not confident they would be ready for a hybrid meeting format given the time frame under consideration. A Saturday workshop would likely involve a Zoom platform.

Mayor Martinez-Rubin understood a Communications and Engagement Plan would not be ready prior to the workshop and she recognized that all of the engagement processes that had been outlined in the staff report would ultimately guide the direction that could be used by the City Council to help facilitate the Council's decision. She emphasized the value of community input, understood that only a select group of people may be available for the workshop dates, but suggested that effort would be supplemented by the recommendations of the consultant and the expertise of staff.

City Manager Murray agreed they would not have a Communications and Engagement Plan in time for the workshops, although he hoped the City Council would approve an agreement with the firm that would prepare that Plan at an upcoming City Council meeting. The Finance Director could discuss with the consultant in advance of a full blown Plan the ways to engage the public immediately on this topic beyond the use of The Balancing Act Tool or other tools.

Mayor Martinez-Rubin commented on the need for the facilitator to meet with the various communities in Pinole, with a list of questions, a process that had been used in the past

for the review of the General Plan. She did not want to see engagement rely entirely on surveys but consider a more inclusive approach to allow broader responses, which only happened when a facilitation team engaged directly with the community.

City Manager Murray confirmed there was consensus from the Finance Subcommittee for the two-workshop process and the use of an outside facilitator as outlined in the staff report.

Mayor Martinez-Rubin again sought an outside facilitator who had facilitation skills and an inkling about long-term results and economic recovery, and City Manager Murray commented that could involve two different facilitators but staff would see who was available.

Mayor Pro Tem Salimi suggested an expenditure of \$5,000 be considered to send a mailer to all residents of the upcoming workshop dates to ensure the public was notified.

Treasurer Swearingen understood that expenditure would be permitted under ARPA.

City Manager Murray agreed electronic means did not reach everyone and staff could work on a mailer. He also understood there was Finance Subcommittee consensus on the use of a digital engagement tool/platform such as a survey, potentially in real time during the workshop and staff would review the tools available to see if that would be possible. He added that staff would work on firming up the workshop meeting dates with the City Council to avoid conflict with other community events.

Treasurer Swearingen suggested the framework of the workshop should be clear, to relate only to the specific allocation of ARPA funds and potentially other appropriations and not to every other issue in the community.


City Manager Murray advised that the Finance Director would present the Finance Subcommittee recommendations to the City Council at its next meeting.

Finance Director Guillory commented in terms of the timeline of consideration of ARPA funds allocation, the City of Pinole was on the same timeline as its peer agencies that had decided to move this process after the budgeting process.

E. ADJOURNMENT

At 4:14 p.m., Mayor Martinez-Rubin adjourned the meeting to the next Finance Committee meeting.

Approved: March 27, 2024



Heather Bell, CMC
City Clerk

