

**PINOLE CITY COUNCIL / PINOLE REDEVELOPMENT AGENCY  
AGENDA  
MARCH 16, 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 6:03 PM and Green led the Pledge of Allegiance.

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

A. COUNCIL PRESENT

Tim Banuelos, Council Member  
Phil Green, Council Member  
Debbie Long, 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  
Dean Allison, Public Works Director  
Amy Wooldridge, Recreation Director  
John Hardester, Interim Police Chief

City Clerk Patricia Athenour announced that the Agenda was posted on Tuesday, March 15, 2011, at 1:30 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.

She informed Council they had been provided on the dais, a revised page 4 of the Budget Staff Report 2011-40. Copies were available for the public, and the report on the webpage had also been updated this afternoon.

**3. CONVENE TO CLOSED SESSION – CITY COUNCIL & AGENCY BOARD – 6:06**

Redevelopment Agency Board

- A. CONFERENCED WITH LEGAL COUNSEL--POTENTIAL LITIGATION -  
Government Code Section 54956.9(b)(1)  
Legal Counsel: Assistant City Attorney Inga Lintvedt  
Number of Cases: One Matter

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

At 6:50 PM, Mayor Swearingen reconvened in open session and reported there were no reportable actions from Closed Session.

#### 5. CITIZENS TO BE HEARD

The following citizens addressed the City Council / Agency Board:

**Jim Parrott**, Pinole citizen, provided a historical perspective on the long term contract with Tara Hills. The Pinole Fire District (PFD) was created and the service area was contracted to the City of Pinole. The PFD was dissolved in 1993 and was annexed by Con Fire as their district, and the service contract was continued between the City of Pinole and Con Fire. When the Valley Station 74 was built in 2003, the contract price was set using the previous year as a baseline with a four percent escalator. It has been shown that Station 74 does not serve the contract location very well, and the Hilltop fire station now in existence can serve that area. He cautioned that whatever transpires with the contract issue, the City will need to maintain good relationship with all its fire service neighbors.

**Bob Kopp**, Pinole resident, commented on people chastising the fire and police department relative to compensation. He said the contract was negotiated by two parties..

#### 6. BUSINESS ITEM

- A. Updated Financial Recovery Plan / Budget Discussion - Continued from March 9, 2011 [**Council Report No. 2011-40; Action: Receive Report & Provide Direction to Staff (Espinosa)**]

City Manager Belinda Espinosa presented Council Report 2011-40 and the slide show presentation materials dated March 16, 2011 into the record, continued from earlier meetings on March 8 and 9, 2011. She provided a brief review of the December 2010-2012 Financial Recovery Plan, the revised projections for the FY 2011-12 General Fund imbalance and the impact and options for loss of redevelopment, discussing how the gap was closed in the 2-year financial recovery plan. Staff requested direction from Council on the options to reduce expenditures. The exhibits depicted a deficit of \$129,000 in the current fiscal year and \$875,000 in 2011-12, and options to close the gap. In March 2011, there is now a beginning deficit of \$249,000. She reported projected revenues in FY 2011-12 of \$210,000, but also anticipates projected expenditures/reduced revenues of \$646,000.

Ms. Espinosa said she anticipated renegotiating the collateralized investment agreement between the Agency and the City to save \$274,000 annually by extending the term and reducing the interest. The projected 2011-12 shortfall without the loss of redevelopment funds is \$1,281,000, and with carry over deficits, the total is \$1,530,000.

She presented options to close the General Fund Gap (see slides 17-21), which included three options related to reductions in fire department funding and labor concessions. Separately on slide 22-30, she presented impacts and options related to the potential loss of redevelopment funding (anticipated \$3.9 million from increment in FY 2011-12 and \$740,000 in FY 2012-13. Each year it is anticipated that the City would receive \$250,000 for a successor agency administration and \$500,000 from our ground lease payment from Pinole Vista Crossings.

The cost allocation data for all operating departments was provided on Slide 26. Police, fire, and wastewater would not be impacted with the exception of part of the chief's position and the Community Preservation team which would be eliminated with the loss of redevelopment.

The total anticipated loss / reduction to both RDA and the General Fund is \$3,981,000.

City Manager Espinosa closed the presentation with the recommended actions and requested a Council decision on the options contained in Slide 32 and approval to move forward with administrative actions on Slide 33. She was available for questions.

The following citizens addressed the City Council:

**Bill Low**, Pinole citizen, read an article from newspaper columnist David Townsend. He asked if the option to reduce salaries across the board included benefits.

Ms. Espinosa responded that it was salary based benefits.

**Irma Rupert**, Pinole citizen, spoke to a personal involvement in a reduction in force. She asked management and the unions to come together and find concessions to make the City whole, and asked the Council to do the right thing.

**Bill Enright**, Pinole citizen, addressed Council regarding the importance of keeping Station 74 and recited a regarding the Fire Department's response to a fire at his house, when Rodeo-Hercules responded to a fire at his home, before Station 74 was built. The Fire department did not arrive quickly and he put the fire out. He said the Council needed to ask the public how they want to prioritize services.

Council comments followed.

Council Member Long commented on Enright's question to engage the community. She said that one public safety sector cannot be prioritized over another. Public safety is in the forefront all the time. She addressed the need to have reduced redevelopment expenditures earlier. She said the Council must decide between salaries and services, and she was looking for some employee concessions. Several million must be cut in RDA funds and it must apply directly to the labor positions also. Regarding recreation programs, a formula was devised to reduce employees by sixty percent, and asked for the details and also the details on the proposed fee increases. She supported keeping the pool open for 2011 and find out what the non-profits can do in 2012. Other recreation programs should go through June 2011 and see if there are enough registrants for September programs, after instituting a fee increase. Cable TV will require further discussions at the Council level and will require some level of subsidy.

Council Member Banuelos recommended looking at one hundred percent cost recovery as much as possible, and would like that to be incrementally applied. He agreed with Council Member Long's thoughts on the pool and cable TV. He said he believed everything should be considered as options, and said he did not know if the level of service could be retained, and that the public would feel the difference in the next round.

Mayor Pro Tem Murray was hoping for a different outcome on redevelopment. He supported the swim center schedule as presented, and noted that possibly a carryover from Community Group Funding may be available. He agreed that everything was on the table now and we have to find a plan to get the greatest savings.

Council Member Green agreed with his colleagues. He raised a question regarding the amount of money that would be received annually if RDA was eliminated, and whether the \$250,000 administrative fee was an annual fee. He thought staff reductions would be necessary. Regarding recreation, 100% cost recovery would require staff /salary reductions, and everything was on the table. He said he does favor cutting programs, but had no idea four months ago that redevelopment funding would be eliminated. He thinks solving the problem may require more community involvement. He supported salary reductions across the board to the extent that was necessary to balance the budget; and if Station 74 were closed, the percentage would likely be less, but said that he thought staff reductions should occur first.

Mr. Loomis responded regarding the redevelopment funding, that the first year the local agencies are locked out and funding would be redirected. In the second year, the City would receive \$740,000, plus the ground lease revenues would continue as restricted funds.

Council Member Long commented that everything must be negotiated. She calculated that fifteen percent in concessions and retaining the brown out at Station 74 for one shift should close the gap. She discussed developing a plan that could include funding a General Fund reserve and then allow the community to weigh in to determine if they wanted to reinstitute a former level of public safety. She suggested developing alternative options

City Manager Espinosa she was working on a plan, starting from ground zero and building a budget and programs based on available funds. She briefly described a zero based budget plan with the first block being public safety; the second block was core staff, and so on. She anticipated bringing the proposed plan to the Council in April, but she could not promise to have solidified labor union agreements at that time.

Council Member Long said that would hold staff accountable.

Mayor Swearingen said two speakers addressed Council, stating that cuts were necessary and he said that the Council would make those cuts tonight and changes could be made later. He discussed the number of hours Council spends, specifically the volume of hours on the budget and the time they spend working with staff in Public Works and Redevelopment Agency matters.

Mayor Swearingen asked for a motion on the floor for the staff recommendation so that the Council could then discuss each item separately.

**ACTION: Motion By Council Members Murray/Banuelos, The City Council Moved Approval Of All Bullet Items On Page 9 Of Staff Report 2011-140, To Be Cut From The Budget.**

Council discussion followed.

Council Member Green stated support for the following:

1. Keep the Swim Center open
2. Brown out station 74, referring to his earlier dialogue
3. Operate the Swim center in 2012
4. Make staff cuts in Recreation; keep programs, run them with volunteers run because staffing is too expensive.
5. Retain Cable TV; keep it for transparency for all of those who watch the meetings; and look at obtaining additional volunteers for the program.
6. Freeze vacant police position and look inside the department for other areas of reductions, but not officers

- 7, Salary cuts across the board, once further staffing reductions (cuts) are made in areas that he thinks are necessary

Mayor Pro Tem Murray said the redevelopment elimination was hanging over their heads, they are dealing only with General Fund items this evening and he generally agreed with the staff recommendation, and couldn't see any other way. He discussed another code enforcement position that could be frozen, but this was only getting us "halfway home" and thinks the savings would be in the negotiations in the next round. He said that he could not find any room for changes from this recommendation.

Council Member Banuelos commented as follows:

1. Keep the swim center open in 2011; not sure what would happen in 2012.
2. Support removing subsidy for Recreation programs
3. Support freezing the police positions
4. Undecided on the brown out
5. Not positive that the concessions would be achieved (at a specific level)
6. Need to hear from the citizens about a tax measure
7. But did not see any other way, except to fully brown out Station 74.

Council Member Long said absent of receiving the concessions, Station 74 will have to be browned out. She recommended an approach that is based on an assumption of receiving the concessions, and if they are not received in sixty days, Station 74 would be closed. She addressed the other staff recommendations/options as follows:

1. Keep swim center open in 201, but not in 2012.
2. Youth Center programs must be at 100% recovery by September
3. Support Cable TV subsidy with a specified maximum amount; perhaps not \$48,000.
4. Support freezing police department positions
5. Support labor concessions at 15% to keep Station 74 open, in its current fashion.

Council Member Long said that there are other options not listed in the report such as elimination of a position and replacement of the person in an "on call/per diem" basis, and said it should be analyzed for positions that would be identified for elimination.

Council Member Long forwarded an amendment to the motion on the floor.

**AMENDMENT: Motion By Council Member Long/Green To Continue The Current Brown Out Schedule At Station 74, Seek Labor Concessions, And Exercise A Full Brown Out In Sixty Days If Labor Concessions Were Not Successfully Negotiated.**

Mayor Pro Tem Murray did not support the proposal; asked what the benefit to this motion would be. Discussion ensued between Murray and Long. He said her plan made assumptions with the loss of redevelopment funding to require reductions by the level of allocation in other departments that would leave the departments effectively inoperable. The discussion was set aside as the main motion on the table did not include agency funding elimination at this time.

City Manager Espinosa said that Mayor Pro Tem Murray was correct, and the proposal was not feasible for the reasons stated. She said the City was bound by law to perform certain functions and she must work within the resources available to assure performance of those functions. The current salary allocation plan has no rationale to what a particular function may provide; therefore it cannot be used as criteria for the reductions, simply because of a percentage of funding from redevelopment. She said there would be layoffs before July 1, but

she requested an opportunity to develop a restructured, zero based plan to be presented to Council first. If labor negotiations were complete, she could plug in a definitive number, but since they are not complete, this was a strong message to the bargaining units and unions to realize there will not be money for payroll on July 1 if there is no reductions. She said she saw no other way without fully browning out Station 74.

Council Member Green had no comment on the amendment but to Ms. Espinosa asked the starting point for the salaries; was it current salaries or something less.

Ms. Espinosa said the first model was with existing salaries, and then another model would contain numbers with concessions believed to be achievable. Labor negotiations are a confidential process and she will make a model that is probable. She has not developed a model with lower salaries, since she had not heard from a majority of the Council direction to reduce salaries. She discussed salary comparisons and the inability to arbitrarily say a salary does not fit in the model.

Council Member Green commented that it was a self-serving model to use cities of comparable size, and suggested using a different method, based on available income. He sought support from other council members to direct a salary reduction.

Mayor Swearingen commented that the City Manager was proposing something similar in her zero based budgeting plan. With no further comments from the Council, he called the vote on the amendment.

**Vote: 1-4; Amendment Failed**

**Ayes: Long**

**Noes: Banuelos, Green, Murray, Swearingen**

Mayor Swearingen's spoke to the main motion:

1. Supported keeping Cable TV; it is the communication to the community, some cuts may be possible to the subsidy
2. Supported keeping Swim Center open in 2011; it was a done deal and no funding in 2012 as the Seals were looking at non-profit funding.

Council Member Long asked if there would be support, if labor concessions achieved a fifteen percent savings (reduction), whether there was support to consider reopening Station 74.

Mayor Swearingen said any action can be reconsidered at the next meeting, if there was new information.

Council Member Green commented on the Swim Center, stating that if it were possible for it to be a non-profit in 2012, was there a need to make a decision on it tonight.

**AMENDMENT: Motion By Council Members Green/Swearingen, To Amend The Main Motion To Continue Or Defer Decision On Fund The Swim Center In 2012.**

**Vote: 1-4; Amendment Failed.**

**Aye: Green**

**Noes: Banuelos, Long, Murray, Swearingen.**

Council Member Green requested to add an amendment to the main motion to include salary cuts.

Mayor Swearingen said salary reductions would be under consideration in the next round, after development of the City Manager's restructuring plan and noted that Ms. Espinosa said that salary reductions were subject to negotiation. He called the vote on the main motion, after asking the City Clerk to read the motion into the record.

**Vote on main motion: Passed 5-0.**

Ms. Espinosa asked for direction on their comfort level on the assumptions, outlined on page 10 of the staff report and read them into the record.

Mayor Pro Tem Murray commented as follows:

1. Does not want the sale of surplus property to be a fire sale, but if a sale brings value to the community he was supportive, and referenced the Gateway parcel to Sutter as an example, but stated there were limitations on how the proceeds could be spent.

Ms. Espinosa recommended that the Council would identify properties they wished to market for sale and identify others they wish to retain for potential projects.

Council Member Green asked if the community events were limited to the ones recently approved by Council on March 8, 2011.

Council Member Banuelos asked for clarity of the housing administration.

Ms. Espinosa explained the City's desire to keep the housing money, rather than to give to the County, may require formation of a housing authority. The city attorney would provide direction.

Council Member Banuelos commented he was in favor of selling properties.

Council Member Long said until there is a firm grasp on the budget, property sales should not be a priority and could be addressed later.

Mayor Swearingen said the list had been under discussion for the past month.

There was no further action or direction from Council.

**7. ADJOURNMENT**

At 8:53 p.m., Mayor Swearingen adjourned the Special Meeting to the Regular Meeting of April 5, 2011, and in memory of the Armed Services and Amber Swartz.

**Submitted by:**

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

**APPROVED BY CITY COUNCIL / AGENCY BOARD:**