

CITY OF PITTSBURG
Redevelopment Agency Minutes
June 26, 2006

Chair Michael Kee called the meeting of the Redevelopment Agency to order at 6:26 P.M. in the City Council Chambers at City Hall, 65 Civic Avenue, Pittsburg, California after having convened at 5:00 P.M. into Closed Session for Conference with Legal Counsel – Existing Litigation pursuant to Section 54956.9(a) of the Government Code regarding Pittsburg Society for Preservation of Historical Resources, Susan Lopez, Thomas LaFleur, and Frank Gordon vs. City of Pittsburg, Contra Costa County Case No. 05-1861; Public Employee Performance Evaluation regarding the City Manager; and Conference with Labor Negotiators pursuant to Section 54957.6 regarding Unrepresented employee: City Manager.

Chair Kee advised that there was nothing to report from Closed Session.

MEMBERS PRESENT: Casey, Glynn, Parent, Kee

MEMBERS ABSENT: Johnson [Excused]

STAFF PRESENT

Executive Director, Marc Grisham
Assistant Executive Director, Matt Rodriguez
Deputy City Clerk, Alice Evenson
Director of Housing and Community Programs, Annette Landry
Director of the Redevelopment Agency, Garrett Evans
Director of Economic Development, Brad Nail
Director of Human Resources, Marc Fox
Director of Public Works, John Fuller
Director of Planning, Melissa Ayres
Director of Recreation, Paul Flores
Director of Finance, Marie Simons
Police Chief, Aaron Baker

PUBLIC HEARING

The CITY COUNCIL CONVENED JOINTLY with the REDEVELOPMENT AGENCY, the PITTSBURG POWER COMPANY, and the SOUTHWEST PITTSBURG GEOLOGIC HAZARD ABATEMENT DISTRICT II (GHAD), to consider the following:

1. **RESOLUTION 06-1136** Approval of the Mid-Term Budget Review for Fiscal Year
Combined w/PPC 06-151 2006/2007 for the City of Pittsburg Redevelopment
Combined w/GHAD 06-014 Agency and Appropriation of Funds for Fiscal Year 2006/
Combined w/CC 06-10582 2007

City Manager Marc Grisham stated that a Mid-Term Budget Review was scheduled to review the Revised Operating Budget Plan for Fiscal Year 2006/2007.

The annual budget must be appropriated for Fiscal Year 2006/2007 to provide on-going financing for the activities of the City of Pittsburg Redevelopment Agency, the Pittsburg Power Company, the Southwest Pittsburg Geologic Hazard Abatement District II, and the City of Pittsburg during the next fiscal year.

Mr. Grisham noted that the first year of the two-year budget had just been finished. The item for Council consideration was a mid-term budget review. A revised budget had been submitted for consideration. He stated that for the budget to work everyone would have to work together. He commended the City's senior management staff, the completion of set goals, and the attention to fiscal responsibility, all of which was required to allow the two-year budget process to work.

Finance Director Marie Simons noted that the City Council had taken action to approve a two-year budget in June 2005. She presented a PowerPoint presentation offering an update of how the City would end financially this year as well as a summary of the proposed revisions to next year's spending plan.

Ms. Simons projected that all Citywide funds were on target as reported in the mid-term. The General Fund would end the year in a balanced position where operating revenues would match expenses. She explained that the General Fund would end the year with a projected shortfall of \$2.5 million, originally projected at \$3.5 million. She noted that last October the Council had taken action to approve a 15 percent General Fund reserve policy and a fixed amount reserve policy for the City's internal service funds, such as the fleet maintenance, the building maintenance, the insurance fund, and the employee fringe benefit fund.

Because of that, Ms. Simons reported that a \$3.5 million reduction to the City's General Fund had been projected at mid-term. Due to improved revenues by \$800,000 and higher sales taxes, the turnover of property within the community both existing homes as well as new homes coming on line where \$300,000 had been projected in transfer taxes, the year was expected to end with a receipt level of \$500,000.

Noting that \$8 million had originally been budgeted in sales tax, Ms. Simons stated that \$8.5 million was now projected, some of which were one-time sales taxes. In addition, interest income was higher and vehicle license fees (VLF) were higher, although some of those fees were one-time fees. Of those one-time fees, she noted that the City received \$200,000 for VLF from the State this year that it should have received the year before. In addition, the sale of the City Gym had netted nearly \$550,000.

On the expenditure side, Ms. Simons reported that the City was ending better due to cost savings attributable to the vacant positions in Finance, Planning, Engineering, Public Works and Police Departments, all of which represented \$1 million, reducing the shortfall from \$3.5 to \$2.5 million.

Presenting the adopted spending plan, Ms. Simons stated that the plan was balanced. There was improvement in the revenues, expected to be better by \$300,000 from the originally adopted budget last year. Expenses were also expected to be greater by \$368,000.

Ms. Simons explained that the higher revenues were due to the economic activities ongoing in the City where sales taxes would continue to receipt at a higher level. She added that Interest income had also been projected to be higher given the higher rates, and property taxes had been projected to be slightly higher than anticipated.

Mr. Simons explained that the higher expenses in the spending plan were attributable to the action to add three additional police officers, to increase the City Manager contingency account from \$50,000 to \$200,000 which had been reflected in the second year of the budget for unforeseen expenses, and the fact that the County Animal Services Contract would increase by \$60,000.

Ms. Simons stated that last year the shortfall had been estimated for the second year of the spending plan to be \$3.7 million. She explained that not only had the Council, the City Manager and the Management Team been able to contain that deficit, it had been able to reduce that deficit to \$3.2 million. She showed how the budget had been proposed to be balanced. She stated that the deficit was still a concern and that the power land sale was the major budget balancing measure.

With respect to the power reserves, Ms. Simons stated that the power reserves would not be utilized this year. The power reserves would be retained with the Pittsburg Power Company.

Mr. Grisham explained that part of the reason for keeping the reserves up was to address an eventuality with respect to the Calpine bankruptcy.

Ms. Simons summarized the reasons for the reduction in the shortfall due to the cost containments and due to the Council's action. One Council action was the approval of conservative labor agreements where all five labor groups had two-year contracts. In that case, she explained that salary increases had been offered but retirement benefits had been reduced to allow those increases resulting in a near zero impact to the budget. In addition, she identified the reorganization of the golf course personnel which would result in a zero projection of subsidy for the golf course next year. She added that while there would be an increase in contribution from the General Fund to the Lighting and Landscaping District, the net impact savings to the General Fund was \$126,000 based on the Council's action related to the reorganization.

Mr. Grisham explained that the personnel shifted to Landscaping and Lighting were not working on the golf course, in that there was a need for increased staff in the area of landscaping and recreational maintenance. He stressed that all the savings within the golf course were self-contained and there was no creative accounting.

With respect to revenue enhancements, Ms. Simons projected an increase to sales taxes based on Chili's, Outback Steakhouse and the expansion of the Auto Mall as well as Winco. A modest increase to the hotel tax had also been projected due to the Hampton Inn along with a projected increase in interest income from what had been estimated last year.

Mr. Grisham spoke to comments related to the progress of the Hampton Inn. He

reported that project was on schedule. He emphasized the subsurface work required for the project and added that Brad Nail of the Economic Development Department was monitoring the project as was the Engineering Department.

Ms. Simons reported that the City had successfully sold its Pension Obligation Bonds last week, which was an important element to budget containment. While next year's annual debt service payment on those bonds would be \$1.6 million, it would be paid in the reduction of Public Employees Retirement System (PERS) rates. For the next eight years, she stated that the impact would be minimal. Given an unexpected bill of \$1.4 million received in January 2006 that had not been planned in the two-year budget, she stated that the financing team had been able to structure the bond issue where that expense would not impact the City's budget for the first eight years.

Ms. Simons summarized the budget adoption resolutions to be considered by the various agencies. The Council's action at this time would identify revised spending plans for the City of Pittsburg at \$88.3 million and the Redevelopment Agency at \$38.8 million for a total of \$127 million. She stated that would include the supplemental requests presented to the Council for consideration.

In response to Councilmember Parent as to the expected sales tax revenues from the Albertson's store for 2006/2007, Ms. Simons described that revenue as minimal, in the range of \$30,000.

Mr. Grisham noted that was in keeping with the fact that many of the sales at Albertson's were non-taxable.

In response to Councilmember Parent as to the detail of transfers in and out, Ms. Simons reported that the Workers' Compensation premium had gone down. While estimated at nearly \$1.4 million, she stated that the actual cost would be \$1 million. Instead of revising the allocated charges to each Department, the money was being transferred in. She explained that was for administrative charges to help support Human Resources and Finance Departments in administering fringe benefits. She added that the fund had been decreased and it had not been paying its full share of the support for Human Resources and Accounting.

Mr. Grisham stated that the cost issues associated with the last Workers Comp had resulted in the creation of a corrective action program to address Workers Comp claims in the City from a safety, training and management standpoint. He stated that claims had been reduced and the City had been identified in the pool as one of the cities meriting special mention in terms of reducing claims. Much of that was the result of the Safety Committee comprised of employees from various departments. It also had to do with the cost containment by the Public Works and Police Departments, another example of teamwork in getting the number down.

In response to Councilmember Parent as to whether or not the report would show the premiums for each period, Mr. Grisham stated that the Council could be provided with the claim history information.

Councilmember Parent referred to Page 5, the revised General Fund revenues, and

asked why it had been projected that secured property taxes would be less than the actual secured property taxes received in 2004/2005.

In response, Ms. Simons explained that much of the new tax growth in housing development was going to the Redevelopment Agency and not to the City. She stated that there had been a slight increase although most of the new development was generating taxes on behalf of the Redevelopment Agency.

Mr. Grisham advised that the conservative projections also related to the potential appeal by USS Posco.

Mayor Kee opened the public hearing for Redevelopment Agency Resolution 06-1136, Pittsburg Power Company Resolution 06-151, Southwest Pittsburg Geologic Hazard Abatement District II (GHAD) Resolution 06-014, and City Council Resolution 06-10582.

There was no one to speak.

Mayor Kee closed the public hearing for Redevelopment Agency Resolution 06-1136, Pittsburg Power Company Resolution 06-151, Southwest Pittsburg Geologic Hazard Abatement District II (GHAD) Resolution 06-014, and City Council Resolution 06-10582.

In response to Councilmember Parent as to why an agenda management system had been included in the supplemental budget, Mr. Grisham suggested that would become more effective in terms of staff time and management. He added that there was a need to upgrade the Council systems in general.

On motion by Vice Chair Glynn, seconded by Member Casey and carried unanimously to adopt Redevelopment Agency Resolution 06-1136.

On motion by Member Casey, seconded by Member Parent and carried unanimously to adopt Pittsburg Power Company Resolution 06-151.

On motion by Member Parent, seconded by Member Casey and carried unanimously to adopt Southwest Pittsburg Geologic Hazard Abatement District II (GHAD) Resolution 06-014.

On motion by Vice Mayor Glynn, seconded by Councilmember Casey and carried unanimously to adopt City Council Resolution 06-10582.

CONSENT CALENDAR

On motion by Member Casey, seconded by Vice Chair Glynn and carried unanimously to adopt the Consent Calendar, as follows:

a. **MINUTES** Dated: June 5, 2006

Approved minutes dated June 5, 2006.

- b. **RESOLUTION 06-1137** Approval of the Sale of Real Property by the City of
Combined w/CC 06-10585 Pittsburg to the Redevelopment Agency.

Adopted Redevelopment Agency Resolution 06-1137.

Adopted City Council Resolution 06-10585.

ADJOURNMENT

The meeting of the Redevelopment Agency adjourned at 6:52 P.M. to the next meeting set for July 10, 2006.

Respectfully submitted,

Lillian J. Pride, Secretary

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CITY OF PITTSBURG
Pittsburg Power Company Minutes
June 26, 2006

Chair Michael Kee called the meeting of the Pittsburg Power Company to order at 6:53 P.M. in the City Council Chambers at City Hall, 65 Civic Avenue, Pittsburg, California after having convened at 5:00 P.M. into Closed Session for Conference with Legal Counsel – Existing Litigation pursuant to Section 54956.9(a) of the Government Code regarding Pittsburg Society for Preservation of Historical Resources, Susan Lopez, Thomas LaFleur, and Frank Gordon vs. City of Pittsburg, Contra Costa County Case No. 05-1861; Public Employee Performance Evaluation regarding the City Manager; and Conference with Labor Negotiators pursuant to Section 54957.6 regarding Unrepresented employee: City Manager.

Chair Kee advised that there was nothing to report from Closed Session

MEMBERS PRESENT: Casey, Glynn, Parent, Kee

MEMBERS EXCUSED: Johnson [Excused]

STAFF PRESENT Executive Director, Marc Grisham
Assistant Executive Director, Matt Rodriguez
Deputy City Clerk, Alice Evenson
Director of Housing and Community Programs, Annette Landry
Director of the Redevelopment Agency, Garrett Evans
Director of Economic Development, Brad Nail
Director of Human Resources, Marc Fox
Director of Public Works, John Fuller
Director of Planning, Melissa Ayres
Director of Recreation, Paul Flores
Director of Finance, Marie Simons
Police Chief, Aaron Baker

PUBLIC HEARING

1. **RESOLUTION 06-151** Approval of the Mid-Term Budget Review for Fiscal Year
Combined w/RDA 06-1136 2006/2007 for the Pittsburg Power Company and
Combined w/GHAD 06-014 Appropriation of Funds for Fiscal Year 2006/2007
Combined w/CC 06-10582

On June 26, 2006 a Mid-Term Budget Review was held to review the Revised Operating Budget Plan for Fiscal Year 2006/2007. The annual budget must be appropriated for Fiscal Year 2006/2007 to provide on-going financing for the Pittsburg Power Company activities during the next fiscal year.

In Joint Session with the Redevelopment Agency, the Southwest Pittsburg Geologic Hazard Abatement District II(GHAD) and the City Council, the Pittsburg Power Company took the following action.

On motion by Member Casey, seconded by Member Parent and carried unanimously to adopt Pittsburg Power Company Resolution 06-151.

CONSENT

On motion by Member Parent, seconded by Vice Chair Glynn and carried unanimously to adopt the Consent Calendar, as follows:

- a. **MINUTES** Dated: June 5, 2006

Approved minutes dated June 5, 2006.

ADJOURNMENT

The meeting of the Pittsburg Power Company adjourned at 6:54 P.M.

Respectfully submitted,

Lillian J. Pride, Secretary

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CITY OF PITTSBURG
Southwest Pittsburg Geologic Hazard Abatement District II
(GHAD) Minutes
June 26, 2006

Chair Michael Kee called the meeting of the Southwest Pittsburg Geologic Hazard Abatement District II (GHAD) to order at 6:55 P.M. in the City Council Chambers at City Hall, 65 Civic Avenue, Pittsburg, California after having convened at 5:00 P.M. into Closed Session for Conference with Legal Counsel – Existing Litigation pursuant to Section 54956.9(a) of the Government Code regarding Pittsburg Society for Preservation of Historical Resources, Susan Lopez, Thomas LaFleur, and Frank Gordon vs. City of Pittsburg, Contra Costa County Case No. 05-1861; Public Employee Performance Evaluation regarding the City Manager; and Conference with Labor Negotiators pursuant to Section 54957.6 regarding Unrepresented employee: City Manager.

Chair Kee advised that there was nothing to report from Closed Session.

MEMBERS PRESENT: Casey, Glynn, Parent, Kee

MEMBERS EXCUSED: Johnson [Excused]

STAFF PRESENT

- Executive Director, Marc Grisham
- Assistant Executive Director, Matt Rodriguez
- Deputy City Clerk, Alice Evenson
- Director of Housing and Community Programs, Annette Landry
- Director of the Redevelopment Agency, Garrett Evans
- Director of Economic Development, Brad Nail
- Director of Human Resources, Marc Fox
- Director of Public Works, John Fuller
- Director of Planning, Melissa Ayres
- Director of Recreation, Paul Flores
- Director of Finance, Marie Simons
- Police Chief, Aaron Baker

PUBLIC HEARING

1. **RESOLUTION 06-014** Approval of the Mid-Term Budget Review for Fiscal Year
Combined w/PPC 06-151 2006/2007 for the City of Pittsburg Southwest Geologic
Combined w/RDA 06-1136 Hazard Abatement District II (GHAD II) and Appropria-
Combined w/CC 06-10582 tion of Funds for Fiscal Year 2006/2007

On June 26, 2006 a Mid-Term Budget Review was held to review the Revised Operating Budget Plan for Fiscal Year 2006/2007. The annual budget must be appropriated for Fiscal Year 2006/2007 to provide on-going financing for the Southwest GHAD II activities during the next fiscal year.

In Joint Session with the Redevelopment Agency, the Pittsburg Power Company and the City Council, the Southwest Pittsburg GHAD took the following action.

On motion by Member Parent, seconded by Member Casey and carried unanimously to adopt Southwest Pittsburg GHAD Resolution 06-014.

ADJOURNMENT

The meeting of the Southwest Pittsburg Geologic Hazard Abatement District II (GHAD) Meeting adjourned at 6:55 P.M.

Respectfully submitted,

Lillian J. Pride, Secretary

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CITY OF PITTSBURG
City Council Minutes
June 26, 2006

Mayor Michael Kee called the meeting of the City Council to order at 6:56 P.M. in the City Council Chambers at City Hall, 65 Civic Avenue, Pittsburg, California after having convened at 5:00 P.M. into Closed Session for Conference with Legal Counsel – Existing Litigation pursuant to Section 54956.9(a) of the Government Code regarding Pittsburg Society for Preservation of Historical Resources, Susan Lopez, Thomas LaFleur, and Frank Gordon vs. City of Pittsburg, Contra Costa County Case No. 05-1861; Public Employee Performance Evaluation regarding the City Manager; and Conference with Labor Negotiators pursuant to Section 54957.6 regarding Unrepresented employee: City Manager.

Mayor Kee advised that there was nothing to report from Closed Session.

MEMBERS PRESENT: Casey, Glynn, Parent, Kee

MEMBERS EXCUSED: Johnson [Excused]

STAFF PRESENT City Manager, Marc Grisham
Assistant City Manager, Matt Rodriguez
Deputy City Clerk, Alice Evenson
Director of Housing and Community Programs, Annette Landry
Director of the Redevelopment Agency, Garrett Evans
Director of Economic Development, Brad Nail
Director of Human Resources, Marc Fox
Director of Public Works, John Fuller
Director of Planning, Melissa Ayres
Director of Recreation, Paul Flores
Director of Finance, Marie Simons
Police Chief, Aaron Baker

Mayor Kee considered the following general City Council items at 7:17 P.M. prior to pursuing the Redevelopment Agency agenda.

PLEDGE OF ALLEGIANCE

Pittsburg City staff led the Pledge of Allegiance.

COUNCILMEMBER REPORTS/REMARKS

Councilmember Parent reminded those present of the Mayor's Ice Cream Social set for Sunday, July 2 at Small World Park starting at 1:00 P.M. where all were welcome.

Mayor Kee reported that the American Cancer Society Relay for Life had been held over the weekend and had been well done. He thanked everyone for participating in that event. Overall, he noted that approximately \$300,000 had been raised at this one site for cancer awareness.

Councilmember Parent took this opportunity to commend Alexis Morris for organizing the City's participation in the Relay for Life event. She requested that a letter of commendation be presented to Ms. Morris from the City Council in acknowledgement of all her work.

Vice Mayor Glynn reported that the Farmer's Market had been well attended this last week and that the adjacent businesses, particularly the restaurants were beginning to receive the benefit from the crowds attracted to the Farmer's Market. He commented that concurrent with that event was the Harley Davidson bike event. He also noted that the Pittsburg Historical Society was also the beneficiary of those attending the Farmer's Market.

CITY MANAGER REPORTS/REMARKS

City Manager Marc Grisham also commended those involved in the successful Relay for Life. He commented that the City would be purchasing steppers adorned with "*Year of Change One Step at a Time*" to promote physical fitness amongst City staff.

CITIZENS REMARKS

There was no one to speak at this time.

Mayor Kee adjourned to the Redevelopment Agency agenda at 6:26 P.M. and reconvened as the City Council as 6:56 P.M.

PUBLIC HEARING

1. **REPORT** Receive Staff Report Regarding the Mid-Term Budget Review for Fiscal Years 2005/2006 and 2006/2007

Staff had completed the Mid-Term Budget Review of both Fiscal Years 2005/2006 and 2006/2007. The schedule included in the staff report dated June 26, 2006 include Fiscal Year 2005/2006 year end projections and revised budgets proposed for Fiscal Year 2006/2007.

In Joint Session with the Redevelopment Agency, the Pittsburg Power Company and the Southwest Pittsburg Geologic Hazard Abatement District II (GHAD), in public hearing format, the City Council received the staff report regarding the mid-term budget review for Fiscal Years 2005/2006 and 2006/2007.

2. **RESOLUTION 06-10582** Approval of the Mid-Term Budget Review for Fiscal Year 2006/2007 for the City of Pittsburg and Appropriation of Funds for Fiscal Year 2006/2007
Combined w/PPC 06-151
Combined w/GHAD 06-014
Combined w/RDA 06-1136

On June 26, 2006 a Mid-Term Budget Review was held to review the Revised Operating Budget Plan for Fiscal Year 2006/2007. The annual budget must be appropriated for Fiscal Year 2006/2007 to provide on-going financing for the City of Pittsburg activities during the next fiscal year.

In Joint Session with the Redevelopment Agency, the Pittsburg Power Company, and the Southwest Pittsburg Geologic Hazard Abatement District II(GHAD), the City Council took the following action.

On motion by Vice Mayor Glynn, seconded by Councilmember Casey and carried unanimously to adopt City Council Resolution 06-10582.

CONSENT CALENDAR

In response to Councilmember Parent, Doug Eikenberry with William Lyon Homes reported that West Leland Road was progressing well given the nice weather. He expected that the roadway would be open by mid to late August. He stated that there was nothing in the foreseeable future to keep that from occurring. He explained that there would be two lanes of roadway open at that time although there was an effort to complete all four lanes.

Mr. Grisham stated that four lanes were the target but two lanes would have to be developed prior to the opening of the new school year. As a result, two lanes might be under construction. He suggested that by October all four lanes would be in place. He noted that there were minor issues to be worked out.

Councilmember Parent emphasized it was crucial that the road be opened by September.

On motion by Councilmember Casey, seconded by Vice Mayor Glynn and carried unanimously to adopt the Consent Calendar, as follows.

- a. **MINUTES** Dated: June 5, 2006
Approved minutes dated June 5, 2006.
- b. **RESOLUTION 06-10584** Approval of Memorandum of Agreement Between the City of Pittsburg and William Lyon Homes
Adopted Resolution 06-10584.
- c. **RESOLUTION 06-10571** Approval of the Final Map, Improvement Plans, and

Subdivision Improvement Agreement for Subdivision
8448, Vista Del Mar

Adopted Resolution 06-10571.

- d. **RESOLUTION 06-10572** Approval of the Final Map, Improvement Plans and
Subdivision Improvement Agreement for Subdivision
9042, Vista Del Mar

Adopted Resolution 06-10572.

- e. **RESOLUTION 06-10585** Approval of the Sale of Real Property by the City of
Combined wRDA 06-1137 Pittsburg to the Redevelopment Agency

In Joint Session with the Redevelopment Agency, the City Council adopted
Resolution 06-10585.

ADJOURNMENT

The City Council adjourned at 6:59 P.M. to an adjourned regular meeting of the City
Council on July 10, 2006.

Respectfully submitted,

Lillian J. Pride, City Clerk

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