
AGENDA

FINANCE MANAGEMENT SUBCOMMITTEE

Friday, October 20, 2023

10:45 AM Pacific Time (US and Canada)

Pittsburg City Hall
First Floor Conference Room, 4B
65 Civic Avenue
Pittsburg, CA 94565

Subcommittee Members

Shanelle Scales-Preston, Mayor
Juan Banales, Vice Mayor

-
- 1. Public Comment on Non-Agenda Items**
 - 2. Bond Opportunities for Land Development (“BOLD”) Program**
Staff will provide an overview of the BOLD Program. *Subcommittee feedback requested.*
 - 3. 23-24 Budget – September /22-23 Year End Review**
Staff will provide the Subcommittee with an overview of the 2023-2024 Fiscal Year Budget for the month of September. Staff will also present an unaudited overview of the fiscal 2022-23 year. *Subcommittee feedback requested.*
 - 4. ARPA, General Fund Surplus, and Measure M Surplus**
Staff will provide the Subcommittee with an update related to the City of Pittsburg’s ARPA, General Fund and Measure M. *Subcommittee feedback requested.*
 - 5. Mt. Diablo Resource Recovery Proposed Collection & Recycling Center and Transfer Station Rates**
Staff will provide the Subcommittee with an update related to the agencies listed. *Subcommittee feedback requested.*
 - 6. Fiscal Year 2024/2025 Goals Process**
Staff will provide the Subcommittee with an update related to the Goal Process for FY 24/25. *Subcommittee feedback requested.*
 - 7. Subcommittee and Staff Reports or Remarks**
 - 8. Adjournment**



MEMORANDUM

To: Finance and Administration Subcommittee

From: Jordan Davis, Director of Community and Economic Development

Re: **Bond Opportunities for Land Development (“BOLD”) Program**

The City is a member of the California Municipal Finance Authority (“CMFA”), a State-wide joint powers authority (“JPA”) whose members are numerous public entities throughout California. CMFA has the authority to issue bonds to meet its mission of supporting economic development, job creation and social programs throughout the State.

Staff has been provided information regarding the Bond Opportunities for Land Development (“BOLD”) Program offered by CMFA that can be used to finance public infrastructure required for new development within the City. The BOLD Program offers a means to finance new or continuing construction of infrastructure and public facilities through bonds CMFA issues as an alternative to issuance of land-secured bonds directly by a public entity. Under the BOLD Program, bonds are issued by a Community Facilities District (“CFD”) formed by CMFA under the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 et seq.) (the “Act”).

Although the CFD would be formed within the City’s jurisdiction, the BOLD Program is administered by a team of bond industry professionals with experience in CFDs in the State. CMFA and its consultant team would form and approve each CFD. CMFA will issue bonds on behalf of the CFD and will utilize the services of a special tax consultant and administrator to create the special tax formula and administer, levy, collect the special taxes. However, the City will need to approve the use of a CFD to acquire public facilities and the financing thereof, and enter into an acquisition or similar agreement to receive the bond proceeds, and to meet the general requirements to maintain the tax exemption of interest on the bonds.

Formation of the CFD requires the establishment of the annual special tax rates. The formula for computing special tax rates will be included in the resolutions to be adopted as part of the CFD formation proceedings. Typically, the formula will include a basic, undeveloped land tax with an increase in rate and shifting of the tax to developed lands at building permit stage. The total amount of taxes on developed land generally will not exceed 2% of its market value in its completed state, per industry standards.

Once bond issuance occurs, the City would receive bond proceeds pursuant to an agreement to be entered into between the City and CMFA to ensure bond proceeds are spent in accordance with the Act and other applicable law. The proceeds are held by a bond trustee and are not directly paid to the developer but are available as directed by

the developer and approved by the local agency, to be used to meet obligations to the City according to the structure and timing required for development approvals. The City would determine and agree to its role in inspecting and accepting infrastructure and/or payment of financed impact fees.

The CFD may be formed early in the development process, with issuance of bonds at a later time or in multiple series. The following are the typical criteria for bond issuance.

- Minimum 4:1 value-to-debt ratio overlapping (assessed or appraised);
- No discretionary approvals required for build-out of the portion of the CFD directly relating to the bond security;
- Entitlements received that are necessary for phase to be bonded; and
- Financing plan for backbone infrastructure complete or imminent and/or performance bond in place.

In addition, a grant from a portion of the issuance fee is made to the California Foundation for Stronger Communities (“CFSC”) to fund charities designated by the member communities. A portion of the annual fees received by CMFA are in turn directed to charitable activities within California communities, particularly those of members and participating local government agencies (approximately 25% of the CMFA issuance fee).

City of Pittsburg, CA

Overview of Land Secured Financing Structures



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- I. Overview of Community Facilities Districts**
- II. Overview of Assessment Districts**
- III. Comparison of CFDs and Assessment Districts**





I. Overview of Community Facilities Districts (CFDs)

Community Facilities Districts (CFDs)

What are CFDs and how are they formed?

- Senator Henry Mello and Assemblyman Mike Roos prompted the passing of the Mello-Roos Community Facilities Act of 1982 (the “Mello-Roos Act”).
 - Legislation was a result of Proposition 13 passed in 1978 that limited the ability of developers and public agencies to finance new development projects and public services.
- The Mello-Roos Act authorizes public agencies to create Community Facilities Districts for purposes of levying a special tax to pay for public infrastructure improvements as well as public services.
- Under the Mello-Roos Act, public agencies are allowed to issue tax-exempt or taxable bonds that will be repaid from the special tax levied within the boundary of the CFD.
- To institute the formation of a CFD a written request must be received by two members of the governing agency or a petition is filed by eligible voters:
 - Must be approved by 2/3 of qualified voters in the proposed district.
 - If there are less than 12 registered voters with the proposed district, the election and vote can be passed by the landowners.
 - Formation usually requires two legislative hearings (I) Resolution of Intention and (II) Resolution of Formation as well as an election. Generally for development projects, the election can be held at the same time as the second hearing for the Resolution of Formation.

Community Facility Districts (CFDs)

Formation Process

1

■ Adopt Local Goals and Policies:

- Local agency may initiate process to establish a CFD only after adopting local goals and policies
- Outline special tax limits, eligible facilities, bond requirements, reporting requirements

2

■ Initiation of proceedings can be started by either:

- Legislative Body: A written request signed by two members of the legislative body
- Petition: A petition signed by not less than 10% of the registered voters residing in the territory to be included in the district or owners of not less than 10% of territory in district
- Legislative body must institute proceedings to form CFD within 90 days
- Pre-formation costs paid by legislative body or landowners (boundary map, RMA, draft resolutions, counsel)

3

■ Draft Rate and Method of Apportionment (RMA):

- First legislative action must specify the rate and method of apportionment, therefore RMA needs to be drafted before first legislative hearing
- Prepared by Special Tax Consultant
- Outlines tax categories, maximum special tax that can be levied, order of levy and prepayment provisions

4

First Legislative Hearing

■ Resolutions of Intention to Establish CFD:

- CFD Name
- Boundary Map
- Eligible facilities and fees
- Rate and Method of Apportionment (RMA)
- Public hearing dates for CFD formation
- Election/Voting Procedures

■ Resolutions of Intention to Incur Bonded Indebtedness:

- Maximum amount of bonded debt allowed
- Establish hearing to incur debt

Community Facility Districts (CFDs)

Formation Process

5

■ After adoption of Resolution of Intention

- Record boundary map
- Publish notice of hearing for public hearings, protests and continuation (minimum 7 days prior to hearing)
- Resolution of Intention must be transmitted to city or county
- CFD Report (outlines facilities/fees, estimated costs)
- Joint Community Facilities Agreement (establishes who will own and operate constructed facilities)



Second Legislative Hearing

■ Public Hearing

- Public testimony and protests against the establishment of the CFD
- If 50% of registered voters or 50% of owners protest, proceeding must stop for at least one year
- Continuation: 30 days or 6 months with special finding

6

■ Resolutions of Formation of the CFD:

- Form CFD
- Establish Boundaries
- Approve RMA and Special Tax Levy
- Finalize types of facilities, fees and services

■ Resolutions of Necessity to Incur Bonded Indebtedness:

- Maximum amount of bonded debt allowed

■ Resolution Calling Special Election:

- Levy of special taxes
- Not-to-exceed bonded indebtedness
- Appropriation limit



7

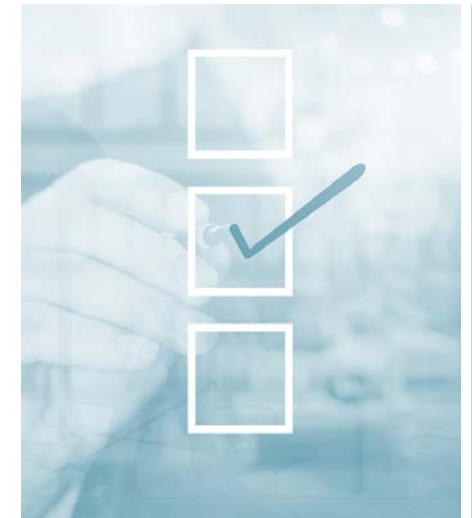
■ Election:

- Held no earlier than 90 days but not longer than 180 after ROF
- Waiting period can be waived by eligible landowners and can be held at same time as ROF
- 2/3 approval required
- If less than 12 registered voters, vote is by landowners based on proportional share of land
- Resolution Declaring Results of Election
- If approved, adopt Ordinance Levying Special Taxes
- Recordation of Notice of Special Tax Lien, not later than 15 days after Resolution Declaring Election Results

Community Facility Districts (CFDs)

Summary of Special Taxes and RMA

- The Special Tax levied within a CFD is determined by the Rate and Method of Apportionment
 - Special Tax Rate determined by developer or local agency pursuant to level of needed funding and total maximum tax rate
 - CFD Goals and Policies set forth maximum overall tax rate allowed within boundary of CFD
- RMA will outline various items for the levying of the Special Tax including:
 - Special Tax Categories
 - Developed Property
 - Final Map Property
 - Undeveloped Property
 - Changes to the Special Tax including prepayment provisions
 - Growth of Special Tax Rate
 - Method and order of levying the Special Tax
 - Manner and collection of Special Tax
 - Special Taxes are usually collected with ad valorem property taxes and are subject to same penalties and benefits as ad valorem taxes (foreclosure and applicable Teeter Plans).
- RMA will outline the length of time that Special Tax can be levied
 - Special Tax will be levied so long as any bonds are outstanding
 - Maximum term of the special tax
 - Special Tax for services will be levied for as long as services to CFD are provided or until eliminated by Voters



Community Facility Districts (CFDs)

Typical Uses of CFD Proceeds

Community Facilities Districts can fund a variety of public facilities and public services and can also potentially fund impact fees pending approval by local agency

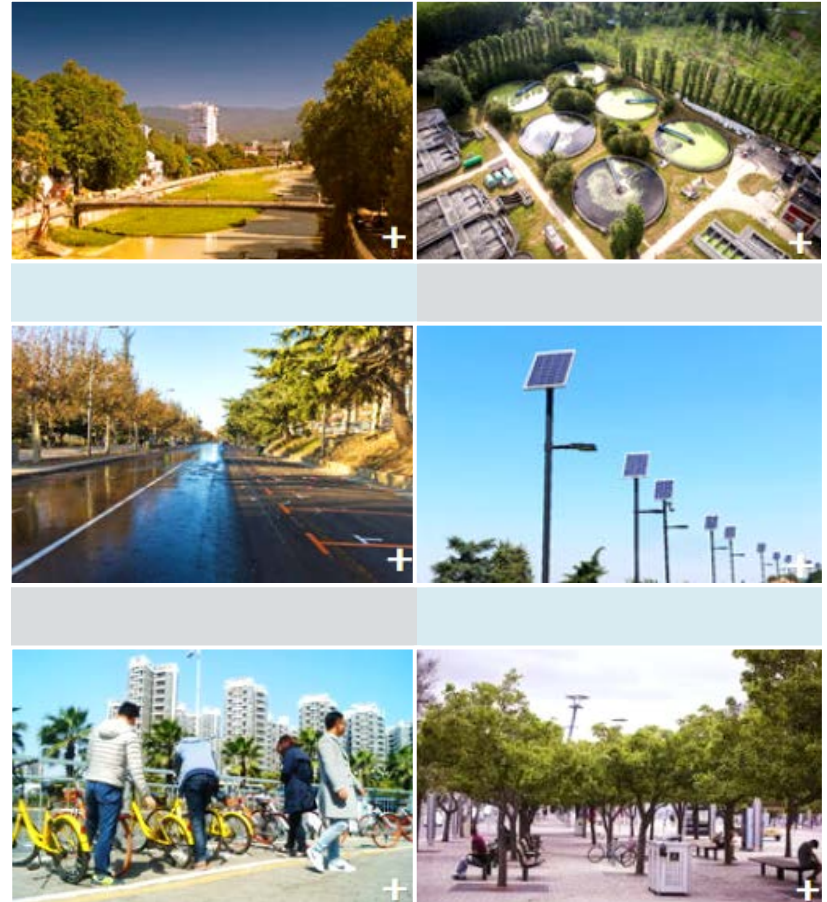
Eligible improvements are extremely flexible and include:

- Streets and Sidewalks
- Sewer and Water Treatment Capacity
- Water and Sewer Lines
- Flood Control
- Parks
- Open Space
- Street Lighting
- School Facilities

Additionally, CFDs may allow for the financing of fees, including:

- City and Fees or County Fees (may require agreement)
- School Fees (requires an agreement with the school district)
- Special District (requires agreement)

CFDs also allow for the ongoing funding of services including fire, police, etc.





II. Overview of Assessment Districts



Assessment Districts

What are Assessment Districts and how are they formed?

- Two acts that authorize the establishment of assessment districts and the levy of assessments
 - Improvement Act of 1911 (Street & Highways Code §5000 et seq.). 1911 Act can also fund maintenance improvements.
 - Municipal Improvement Act of 1913 (Streets & Highways Code §10000 et seq.).

- The Improvement Bond Act of 1915 (Streets & Highways Code §8500 et seq.) is used in conjunction with the aforementioned Acts to issue tax-exempt or taxable bonds to finance public facilities or infrastructure.

- Assessment Districts create a fixed dollar obligation against each parcel of land within the District
 - Assessment levied against each parcel is derived from the value the parcel received from the proposed infrastructure improvements (benefit finding)
 - Assessment amount is based on the direct benefit each property received from the improvements

- To begin formation, a petition is signed by owners of the property within the District
 - Formation of the District must be approved through ballots under Proposition 218
 - Formation generally requires three to four legislative sessions with approvals required for the Engineers Report, formation resolutions; public hearings and tabulation of the ballots.

Assessment Districts

Formation Process

1

- **Prepare Engineer's Report, Assessment Diagram and Boundary Map**
 - Prepared by the Engineer of Work
 - Outlines costs of public improvements and financing costs
 - Determines special benefit each property will receive from improvements
 - Prepare Boundary Map that shows boundary of district and outlines of property in District

2

- **First legislative meeting:**
 - Resolution of Intention to Make Acquisitions and Improvements
 - Resolution Preliminarily Approving Engineer's Report and Directing Actions With Respect Thereto
 - Can be approved at same meeting as first resolution
 - Tentatively approves Engineer's report and sets date for public hearing and assessment ballot
 - Directs the recording of the Boundary Map

3

- **Prepare and Mail Notice and Ballots; Record Boundary Map**
 - Prepare and mail the Notices of Proposed New Assessment and Assessment Ballots
 - Each property owner must receive a ballot
 - Notice shows amount of assessment and how assessments are apportioned
 - Notices and Ballots must be mailed at least 45 days before the date of the public hearing
 - Send out notices on workshops to discuss the proposed assessments

4

- **Second Legislative meeting:**
 - 45 days after date of mailing notices
 - Public hearing on the proposed assessment
 - Public allowed to speak on matter of the assessment
 - Ballots tabulated, legislative body can confirm ballot results at same meeting
 - Approval by majority based on dollars assessed
 - If approved, can adopt Resolution Adopting Engineer's Report, Confirming Assessment, Ordering the Work and Directing Actions with Respect Thereto (formerly approves assessments on each property)

Assessment Districts

Formation Process

5

- Mail and Publish Notices of Assessment Cash Payment

- Mail out notices to each property owner confirming the assessment
- Notice contains the cash payment option for a minimum of 30 days
- Property owner may pay part or all of the confirmed assessment directly to forming agency
 - If paid off in full, property owner relieved of the obligation to pay over time

6

- Final Legislative Hearing

- Takes place at the end of the cash payment period
- Adopt Resolution Authorizing the Issuance of Limited Obligation Improvement Bonds
- Confirms amount of assessments unpaid after the cash payment period



Assessment Districts

Summary of Assessments and Engineer's Report

- The Assessment levied within the boundary of the of the District is determined by the Final Engineer's Report
 - Assessment is based on special benefits received by the property from the public improvements, different properties within the District may have different assessments
 - The Assessment is set at a fixed dollar amount based on benefit received
 - As time passes, the assessed lien against the property will be paid down
 - Property owners may prepay the assessment and be relieved of obligation to pay it off over time
 - Assessments are usually collected with ad valorem property taxes and are subject to same penalties and benefits as ad valorem taxes (foreclosure and applicable Teeter Plans).
- The Final Engineer's Report will typically include:
 - Plans and specifications of the capital improvements to be constructed
 - A cost estimate of the public capital improvements
 - Assessment Roll that shows the amount of the assessment against each parcel of property
 - Method of Assessment is a statement explaining how the Assessment Engineer determined the amount to assessed against each parcel
 - Assessment Diagram/ Boundary Map is a diagram showing the property/parcels to be assessed within the boundaries of the District



Assessment Districts

Eligible Funding for Assessment Districts

Assessments are primarily used to finance public capital improvements of local special benefit

Typical Public Capital Improvements Include:

- Streets and Sidewalks
- Sewer and Water Treatment Capacity
- Water and Sewer Lines
- Flood Control
- Parks
- Street Lighting

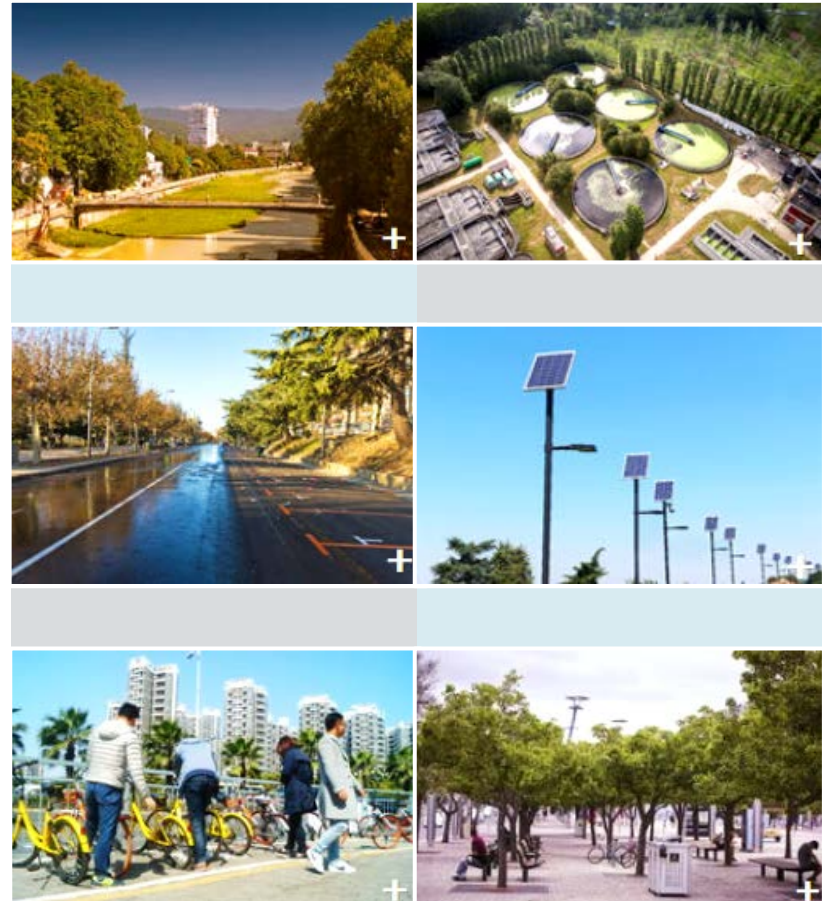
Assessment District may not finance general benefit facilities which include:

- Schools
- Libraries

Assessment District may finance impact fees for public capital improvement projects:

- Water Fees
- Wastewater Fees

Assessment Districts may allow for the funding of services but is generally limited to maintenance of the public infrastructure improvements





III. Comparison of CFDs and Assessment Districts

Comparison CFDs and Assessment Districts

Factor	CFDs	Assessment District
Authority/Resolution	Mello-Roos Community Facilities Act of 1982	Municipal Improvement Act of 1913 with bonds issued under Improvement Act of 1915
Obligation	Special Tax determined by public hearing and election. Not restricted to benefit. Must be reasonable.	Fixed dollar amount based on benefit property receives from improvement. Must be specific benefit.
Eligible Improvements	Public capital improvements and governmental facilities (schools and libraries).	Can only fund public capital improvements (no general benefit improvements).
Services	Much broader scope of services including police, fire, ambulance, recreation, library and park.	Primarily restricted to maintaining the improvements.
Priority	Lien takes priority over all other liens.	Lien takes priority over all other liens.

Comparison CFDs and Assessment Districts

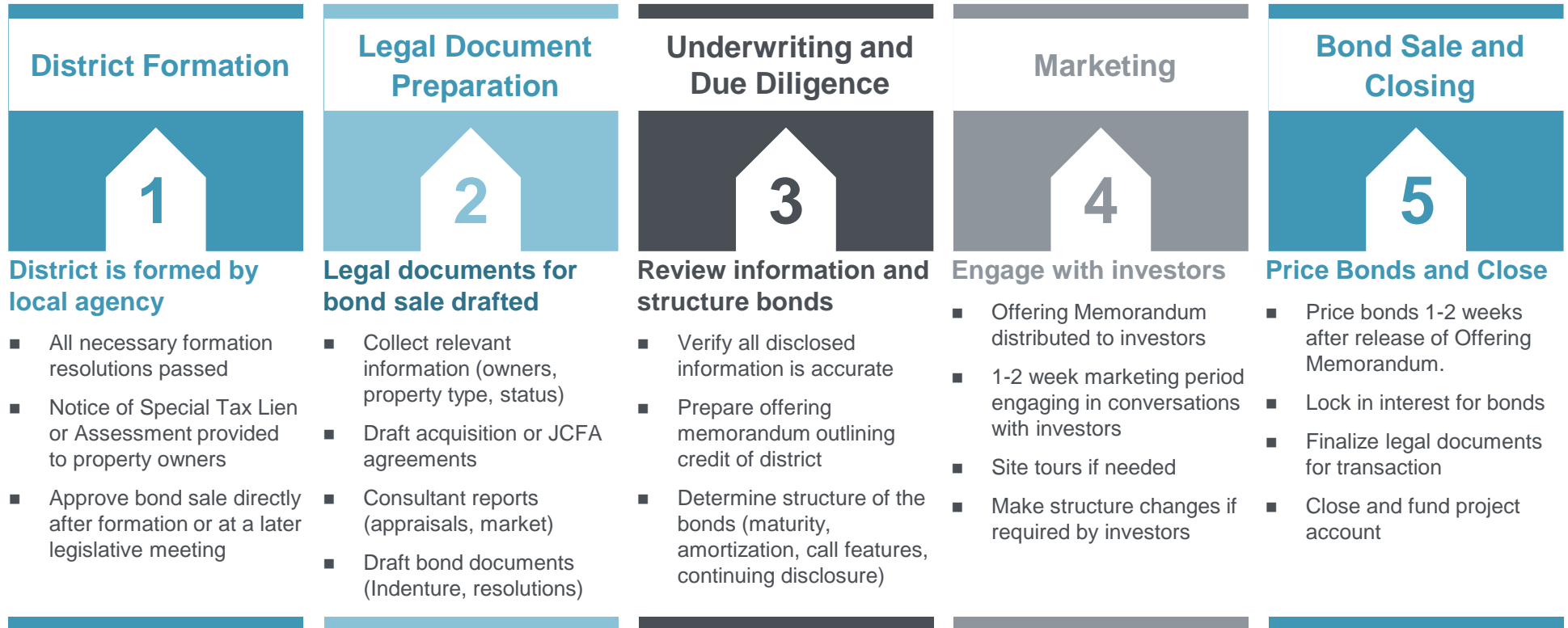
Factor	CFDs	Assessment District
Boundaries of District	May contain scattered parcels. Boundaries may also be expanded later to annex in more land.	Boundaries are fixed when the Assessments are confirmed.
Collections	Collected at same time as Ad Valorem taxes.	Collected at same time as Ad Valorem taxes.
Event of Default	Subject to court foreclosure (not tax sale)	Subject to court foreclosure (not tax sale)
Bonds	May issue tax-exempt debt, debt service is usually escalating given 2% growth in Special Tax	May issue tax-exempt debt, debt service is usually level given fixed amount of assessment
Prepayment of Lien	Only Allowed if included in the RMA	Allowed under California State Statutes. Cash payment option for minimum of 30 days after approval

Comparison CFDs and Assessment Districts

Factor	CFDs	Assessment District
User/Public Entity	Any public entity (city, county, special district or joint powers authority and school districts)	Nearly all public entities (city, county, special district, or joint powers authority but <u>no</u> school districts)
Formation Timing	90-120 days pending if waiting time for election is waived	90-120 days pending tabulation of ballots
Change	Special Tax formula and boundaries may be changes with public hearing and election	Assessment and boundary are final once established (only under few exceptions can be changed)
Maximum Residential Property Tax Burden	Standard is to not exceed 2% of Sale Price	Standard is to not exceed 2% of Sale Price
Minimum Value-to-Lien requirement for Bond Sale	Minimum requirement of 3:1 Value-to-Lien	

Land Secured Bond Issuance Process

Overview of Bond Sale Process





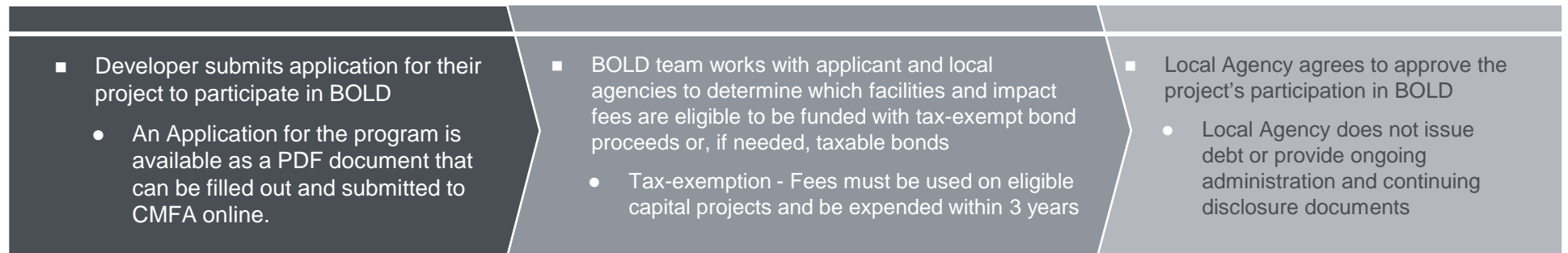
IV. CMFA Bond Opportunities for Land Development (BOLD) Program



The BOLD Program

What is the BOLD Program and why is it being offered?

- Bond Opportunities for Land Development (BOLD) is a financing program offered by the California Municipal Financing Authority (CMFA) that allows for the financing of public infrastructure and impact fees for development projects under the Marks-Roos Local Bond Pooling Act of 1985.
- Any public agency can participate in the BOLD program, which offers low-cost, tax-exempt financing for development projects.
- To facilitate the program, Community Facilities Districts (CFDs) will be formed, managed and administered by CMFA, and minimal public agency efforts will be required in the process. The formation of a CFD will not necessitate the issuance of bonds or payment of debt service until a project is ready to issue debt.
- A CFD may be formed for a project with bonds issued at a later time when it best meets the project's development timeline.
- Bonds will be issued at multiple times throughout the year and may include more than one CFD, offering the advantage and option of low-cost, pooled financing



Developer provides deposit to CMFA to pay for formation of the CFD

Special tax consultant drafts the Rate and Method of Apportionment and prepares CFD boundary map

CFDs are established by CMFA and special taxes are billed in CMFA's name

Formation proceedings are conducted by CMFA

Public hearing and landowner vote are conducted by CMFA

CFDs can be formed in as little as 3 months

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MEMORANDUM

To: Finance Management Subcommittee

From: Paul Rodrigues, Finance Director

Re: **Agenda Item No. 3**

Item No. 3: Budget Review September

Staff has been providing the Finance Management Subcommittee with monthly budget reports since the Covid-19 pandemic. The report compares the year to date revenues and expenditures to the annual budget.

The Subcommittee has found this report to be helpful in identifying trends and items which require a closer examination to determine if budget adjustments are required. Many revenues and expenditures are received or expended on a consistent monthly basis, while other revenues and expenditures are received on an annual or quarterly basis.

Staff will present a brief presentation highlighting many of the City's funds and departments. *Subcommittee feedback is requested.*



MEMORANDUM

To: Finance Management Subcommittee

From: Sara Bellafronte

Re: **Agenda Item No. 4**

Item No. 4: ARPA / General Fund Surplus / Measure M Surplus Update

The following are tables giving additional detail to figures presented for item No. 3.

ARPA In Action, Slide 3

Project	Earmarked	Allocated	Spent
Frontage Rd Trail	\$812,250	\$812,250	\$197,602
Courtyard Hotel	\$600,000	\$599,000	\$579,426
Code Enforcement	\$100,000	-	-
Business Coaching	\$350,000	\$200,000	-
Fleet Study, EV Chargers, Vehicles	\$1,500,000	\$207,189	\$101,780
Heart of Pittsburg Beautification	\$388,000	\$388,000	\$24,827
Premier Fields	\$3,535,477	\$6,078,288	-
Dream Courts	\$5,750,000	\$5,750,000	-
ERP	\$1,190,000	-	-
Non-Profit Assistance	\$400,000	-	-
COVID Response	\$400,000	-	-
Business Incentives	\$300,000	-	-
Trash Capture Devices	\$400,000	\$400,000	-
Marina & Senior Center Solar	\$115,000	-	-
PACF Assistance	\$400,000	-	-
Homeless Cleanup	\$400,000	-	-
Storm Recovery	\$200,000		
Total	\$16,290,477	\$14,434,727	\$903,635

Measure M In Action, Slide 5

	Annual Revenue	\$1,748,700	\$1,346,244	\$1,300,000	\$1,745,276
		FY 22 Revenue	FY 23 Revenue	FY 24 Revenue	FY 25 Revenue
	Earmarked	Allocated	Allocated	Proposed	Proposed
Econ Dev-W Leland Traffic Signal	\$850,000	\$850,000	-	-	-
PW-City Park Tree Removal	-	\$63,700	-	-	-
PW-Streetlight Data CCTA (2 Years)	\$135,000	\$85,000	-	-	-
Youth-Marina Center Improvements	\$1,500,000	\$750,000	-	-	-
3rd Party Code Enforcement (3 Years)	\$300,000	-	-	-	-
3rd Party Park Patrol (3 Years)	\$865,000	-	\$200,000	\$200,000	\$220,000
3rd Party Security Cams–Marina (3 Years)	\$750,000	-	\$200,000	-	-
3rd Party Security Cams – PD (3 Years)			-		
PW-Sidewalk Repair	\$750,000	-	\$170,803	\$100,000	\$100,000
Youth-Create Youth Fund	\$200,000	-	\$200,000	-	-
Youth-Library Hours (3 Years)	\$350,000	-	\$121,667	\$121,667	\$121,667
Econ Dev-Waterfront Feasibility	\$150,000	-	-	-	-
Youth-CBO Programs	\$100,000	-	-	-	-
Youth-Outdoor Fitness Center	\$200,000	-	-	-	\$200,000
Youth-Premier Fields	-	-	\$150,000	\$825,000	-
Youth-Steam Camps	\$25,000	-	-	-	-
Youth-YAYASMP	\$875,000	-	-	-	-
		\$1,748,700	\$1,042,470	\$1,246,667	\$621,667
Earmarked			\$300,000		
Available		-	\$3,774	\$53,333	\$1,123,609

General Fund Surplus In Action, Slide 6

Project	Earmarked	Allocated	Spent
Pavement - Street Improvements and Slurry	\$1,251,300	\$1,251,300	-
City - Public Art Installations	\$250,000	\$200,000	\$104,160
City - Utility Box Art Murals (3 Yrs)	\$60,000	\$60,000	\$0
Landscape - Heart of Pittsburg Grant Match	\$62,000	\$62,000	\$62,000
Youth - Skate Park @ City Park	\$500,000	\$465,187	\$280,926
Non-Profit - PAL Programs and Staffing (3 Yrs)	\$300,000	-	-
Youth - My Brothers Keeper Program (3 Yrs)	\$750,000	-	-
Youth - My Sisters Keeper Program (3 Yrs)	\$750,000	-	-
Landscape - Park Restrooms – Buchanan Park	\$500,000	\$500,000	-
Landscape - Park Restrooms – City Park	\$750,000	\$750,000	-
City - Entrance Features	\$250,000	\$250,000	-
Pavement - Streetlight Data (CCTA) (2 Yrs)	\$15,000	-	-
Pavement - Streetlight LED Replacement	\$500,000	\$500,000	-
Landscape - Landscape Master Plan	\$1,500,000	\$1,500,000	-
	\$7,438,300	\$5,538,487	\$447,086
Un-earmarked	\$413,000		



City of
Pittsburg

Special Revenues Update
October 20, 2023

Background



ARPA

\$16,290,477

- Public Health
- Econ. Impacts
- Comm. Svcs
- Premium Pay
- Infrastructure
- Revenue Replacement
- Admin.
- Storm
- C.D.
- Transportation

Meas. M Surplus

Revenues

- Youth
- Seniors
- Public Safety
- Streets
- Economic Development

GF Surplus

\$7,851,300

- Salaries
- CalPERS
- Benefits & Insurance
- Contractual & Professional Services
- Pavement
- Unanticipated

ARPA In Action



Revenue: \$16,290,477

Earmarked: \$ 16,290,477

Allocated: \$14,434,727

Spent: \$903,635



Measure M Surplus Over 3 Years



FY 22 Measure M Surplus In Action



FY 22 Dollars

Revenue: \$1,748,700

Earmarked: \$0

Allocated: \$1,748,700

Available: \$0

Spent: \$1,608,312

FY 23 Dollars

Revenue: \$1,346,244

Earmarked: \$1,342,470

Allocated: \$1,042,470

Available: \$3,774

Spent: \$41,318

General Fund Surplus In Action



Revenue: \$7,851,300

Earmarked: \$ 7,438,300

Allocated: \$5,538,487

Spent: \$447,086





MEMORANDUM

To: Finance Management Subcommittee

From: Sara Bellafronte

Re: **Agenda Items No. 5, and 6**

Item No. 5: Mt. Diablo Resource Recovery (MDRR) 2024 Proposed Collection & Recycling Center and Transfer Station Rates

As considered annually, the City received a proposal for 2024 solid waste collection and Recycling Center & Transfer Station (RCTS) rates as shown in the tables below.

Table 1: Proposed Collection Rates

	2023 Rates	Proposed CPI	Proposed 2024 Rates	Delta in Dollars
Low Income/Senior	\$32.53	6%	\$34.48	\$1.95
32 Gallon	\$49.84	9.41%	\$54.54	\$4.70
64 Gallon	\$58.03	6%	\$61.51	\$3.48
96 Gallon	\$65.15	6%	\$69.06	\$3.91

Proposed Collection rates include a 6% CPI increase across the board with the exception of a 9.41% increase to the 32-gallon cart. In 2022, City Council approved a 5-year phase out of the 32-gallon cart resulting in equal costs of the 32- and 64-gallon carts after a 5 year period. This rate convergence requires the cost of the 32-gallon cart to outpace that of the 64-gallon cart by 3.41% annually.

Additionally, per the City’s Franchise Agreement with MDRR, an annual CPI adjustment based on all urban consumers for San Francisco-Oakland-Hayward is allowed at the City Manager’s discretion. While not required, staff desires to bring this item to Subcommittee attention given the unusually high CPI calculation of 6%.

Despite the CPI spike, Pittsburg’s proposed collection costs remain under average among other East Bay Area jurisdictions.

Table 2: Proposed RCTS Rates

	2023 Rate	CPI @ 5.69%	\$16.25 over 3 years	2024 Total Increase Proposed	Proposed 2024 Rate
Bulk & Compacted Loads (Mixed Waste Rate) Per Ton	\$129.75	\$7.38	\$5.41	\$12.79	\$142.50

Proposed RCTS rates constitute a 89.9% increase from 2023 and include:

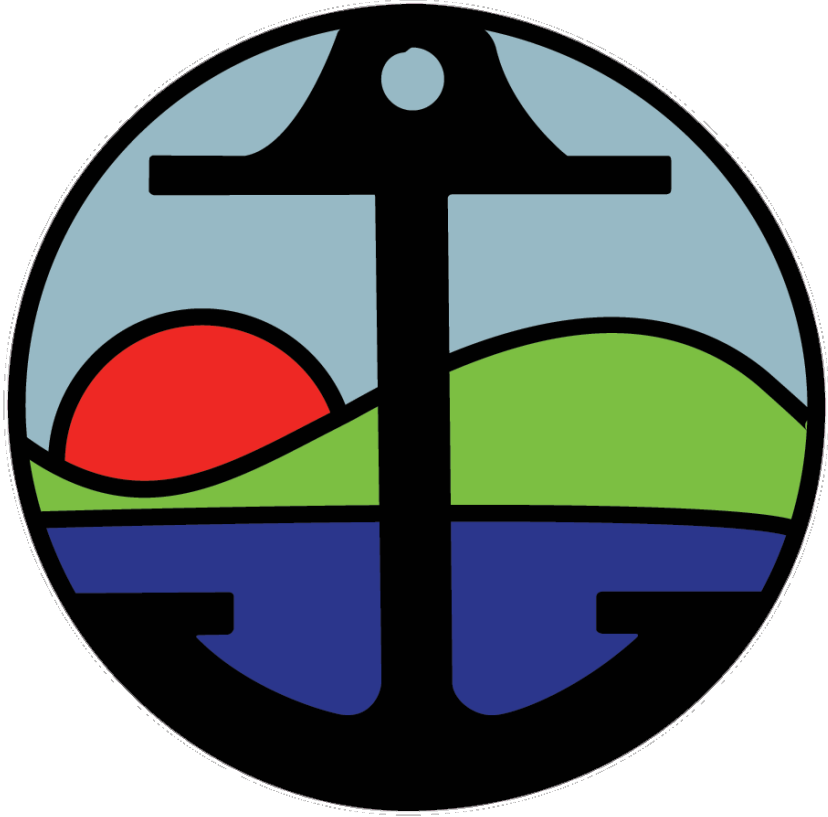
- The third of three annual \$5.41 increases approved by Council on 9/20/21 for costs associated with infrastructure, equipment, and processing
- A CPI increase of 5.69% based on all urban consumers for San Francisco-Oakland-Hayward
- Rounding of the proposed rate to the nearest \$0.25

Per the City’s Franchise Agreement with MDRR, an annual CPI adjustment based on all urban consumers for San Francisco-Oakland-Hayward is allowed at the City Manager’s discretion up to 4%. Staff desires to present this item to Subcommittee given the unusually high CPI calculation of 5.69% and aims to bring this for Council consideration

in November.

Item No. 6: Fiscal Year 2024/2025 Goals Process

Date	Relevant Publishing Date	Activity	Deliverable
December 4, 2023	Nov 17, 2023	Council Changeover	Introduce Incoming Mayor and Incoming Vice-Mayor
December 18, 2023	December 1, 2023	Incoming Mayor's first business meeting as Mayor and New Subcommittee Assignments	New subcommittee assignments
Friday, January 19, 2024	January 16	Special Meeting (evening)	<ul style="list-style-type: none"> • Clarifying goals • Redefining priority areas
Saturday, January 20, 2024	January 17	Facilitated Goals Workshop 1, With Council and Staff	<ul style="list-style-type: none"> • Ask follow-up questions • Hone in on defining new (or keeping existing) city-wide priority areas • Provide basis for staff to develop FY 25 goals
February 19, 2024	February 2, 2024	Goals Workshop 2: Update to FY 24 goals and Introduction of FY 25 goals to Council	<ul style="list-style-type: none"> • Provide update on FY 24 goals progress • Introduce FY 25 department goals for the first time • Receive feedback from Councilmembers on proposed goals
February 20-29, 2024	72 hours prior to each subcommittee date	Staff workshops FY 25 goals at each subcommittee	Receive additional feedback from Councilmembers on proposed goals
March 18, 2024	March 1, 2024	Adopt FY 25 goals by minute order	<ul style="list-style-type: none"> • Present any changes to goals between that occurred between Feb 2 and Feb 29 • Adoption of FY 25 goals



Proposed CPI Increases to 2024 MDRR Rates

FINANCE MANAGEMENT SUBCOMMITTEE

OCTOBER 20, 2023



Comprehensive Rate Analysis

1. Keep all rate increase options in single digit; and
2. Preserve affordability of Low-Income Senior Rates; and
3. Maintain a small variance between cart costs; and
4. Produce a long-term strategy for ensuring public safety and reducing cart contamination in Pittsburgh



Background: Curbside Collection Rates

Beginning in 2022, Council:

- Adopted a base rate increase phased in over five years (2022-2026)
- Upheld annual CPI per existing Franchise Agreement
- Authorized retirement of the 32-gallon cart over five years

As proposed, rates effective Jan 1, 2024 will include a 6% CPI increase:

Low Income / Sr.	32 Gal	64 Gal	96 Gal
\$34.48	\$54.54	\$61.51	\$69.06

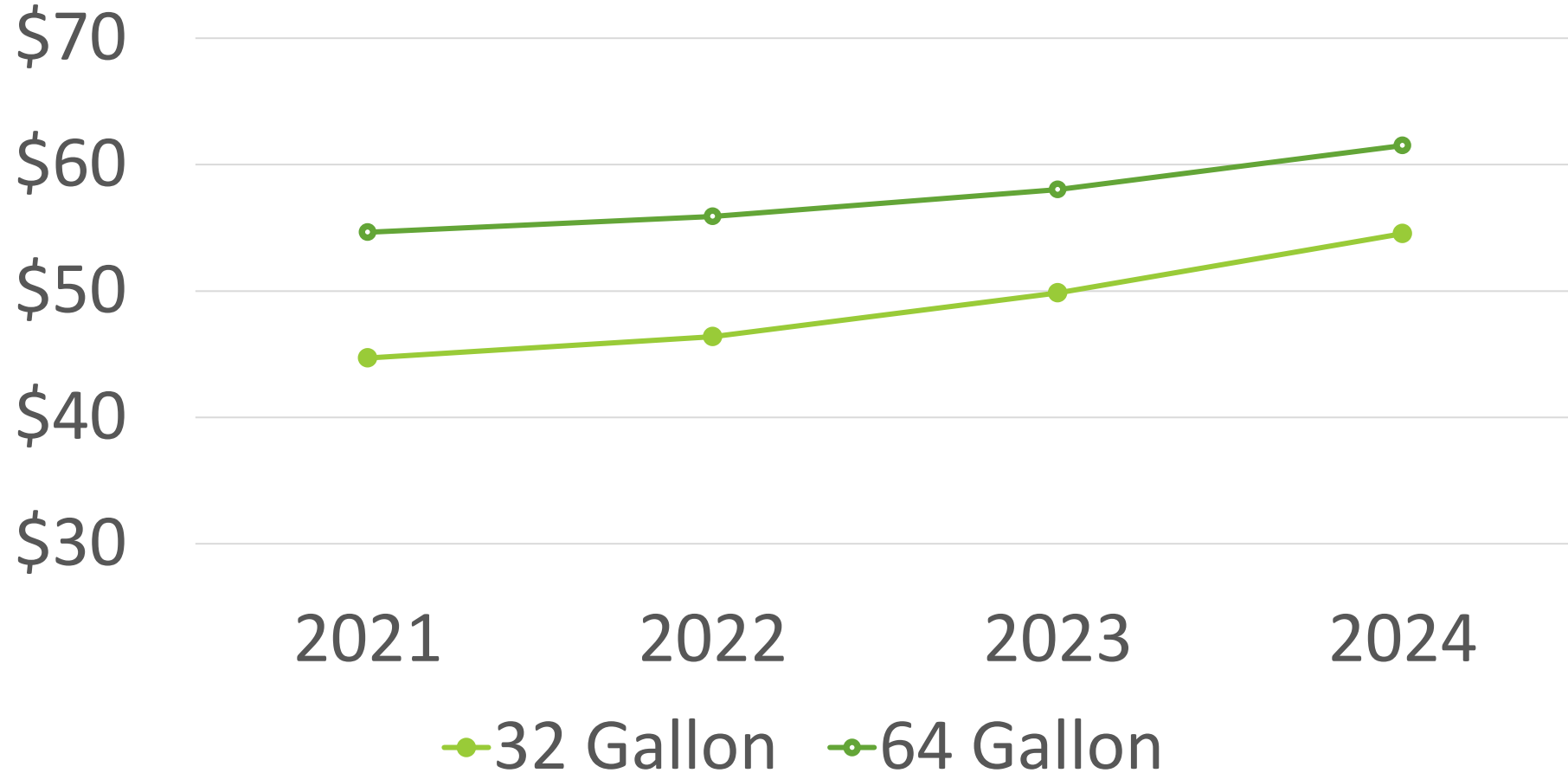


Proposed Curbside Collection Rates

	Approved 2022-2026 Rate Structure					2022-2024 Actual Rates				
	Rate Yr.	Low Income Sr.	32 Gal	64 Gal	96 Gal	Rate Yr.	Low Income Sr.	32 Gal	64 Gal	96 Gal
-	2021	\$31.33	\$44.69	\$54.64	\$61.29	2021	\$31.33	\$44.69	\$54.64	\$61.29
1	2022	0%	3.79%	2.28%	2.39%	2022	0%	3.79%	2.28%	2.39%
2		\$31.33	\$46.38	\$55.89	\$62.75		\$31.33	\$46.38	\$55.89	\$62.75
3	2023	3.35%	7%	3.35%	3.35%	2023	3.82%	7.47%	3.82%	3.82%
4		\$32.38	\$49.63	\$57.76	\$64.86		\$32.53	\$49.84	\$58.03	\$65.15
5	2024	3.35%	6.76%	3.35%	3.35%	2024	6%	9.41%	6%	6%
6		\$33.46	\$52.99	\$59.69	\$67.03		\$33.48	\$54.54	\$61.51	\$69.06
7	2025	3.35%	6.55%	3.35%	3.35%	2025	3.35%	6.55%	3.35%	3.35%
8		\$34.59	\$56.46	\$61.69	\$69.27		\$35.64	\$58.11	\$63.57	\$71.37
9	2026	3.35%	7.75%	-1.38%	3.35%	2026	3.35%	7.75%	-1.38%	3.35%
10		\$35.74	\$60.84	\$60.84	\$71.60		\$36.83	\$62.61	\$62.70	\$73.76

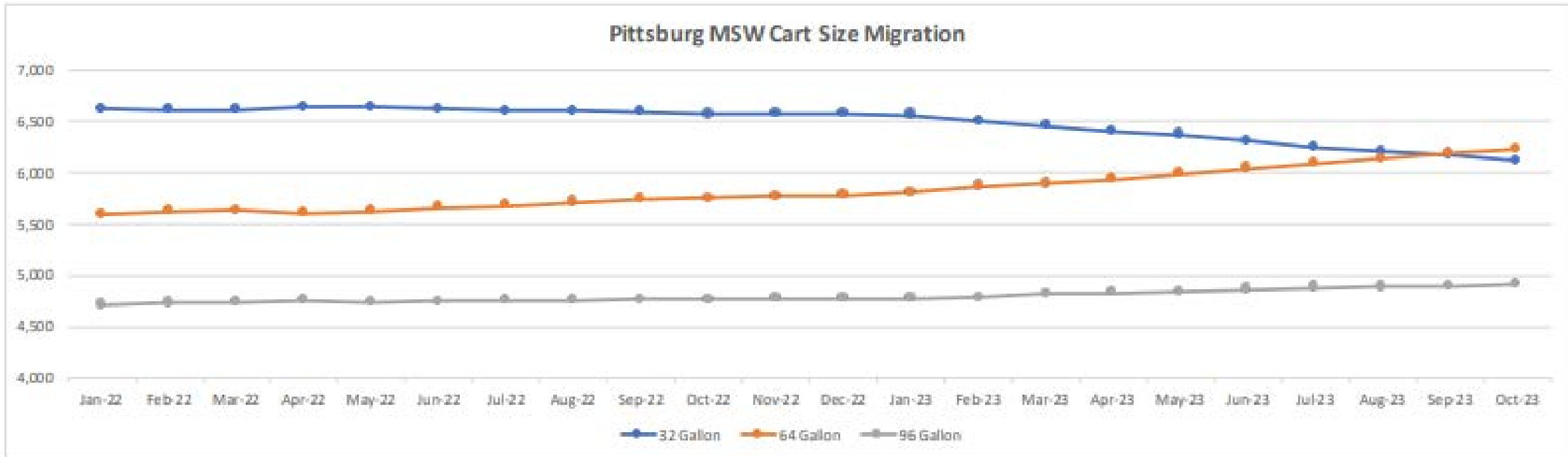


Converging 32 and 64-Gallon Pricing



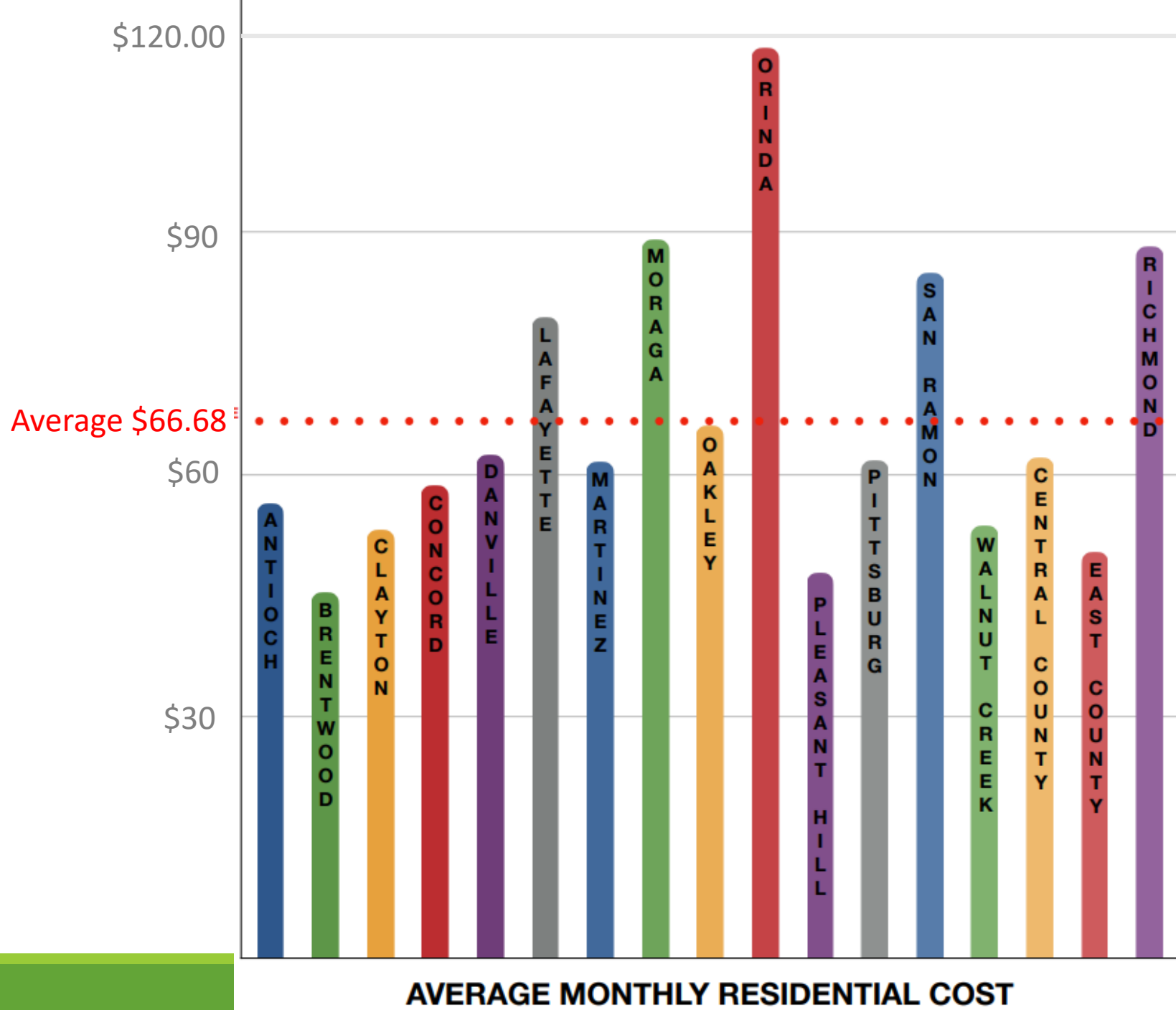


Effectiveness of Price Convergence



Projected Rate Comparison

- Pittsburg rates still below average residential rates





Background: RCTS Rates

Beginning in 2022, Council:

- Approved an increase of \$16.25 to be spread over three years at \$5.42/ton per year
- Authorized the City Manager to approve annual CPI adjustments up to 4.0 percent
- Approved a new authorized mixed waste rate of \$120.00 per ton

MDRR has requested a 5.69% CPI increase effective January 1, 2024:
\$142.50 / ton

Proposed RCTS vs Bay Area Average Rates

Solid Waste Facility	Location	Compacted Rate Per Ton	Operator	Minimum Fee
Fremont Transfer Station	Fremont	\$ 118.62	BLT	\$ 55.00
Contra Costa Transfer and Recovery	Martinez	\$ 125.50	Republic Services	\$ 37.50
Central Disposal Site & Transfer Station	Petaluma	\$ 135.00	Republic Services	\$ 33.00
Shoreway Environmental Center	San Carlos	\$ 136.00	Rethink Waste	\$ 54.00
Golden Bear	Richmond	\$ 136.80	Republic Services	\$ 36.05
RCTS (Proposed as of January 1, 2024)	Pittsburg	\$ 142.50	MDRR / Contra Costa Waste Service	\$ 43.50
Davis St. Transfer Station	San Leandro	\$ 145.47	Waste Management	\$ 37.20
Berkeley Transfer Station	Berkeley	\$ 154.00	City of Berkeley	\$ 42.00
Pleasanton Transfer Station	Pleasanton	\$ 168.93	Pleasanton Garbage Service	\$ 33.78
Recology San Francisco	San Francisco	\$ 219.86	Recology	\$ 50.00

\$ 148.27 Bay Area Average

Feedback Welcome
