PARTNERSHIP FOR THE BAY'S FUTURE

Housing Asset Fund Policy Recommendations & Evaluation of an In-Lieu Fee Alternative to the Inclusionary Housing Requirement

baysfuture.org

Agenda:

Staff recommends the City Council receive an introductory report on the Partnership for the Bay's Future Housing Successor Fund Policy Guidebook and Evaluation of an In-Lieu Fee Alternative to Inclusionary Housing, including engagement efforts, preliminary findings, and staff requests for feedback.

Agenda

- Background
- Collaborators
- Community Engagement
- Guidebook Contexts
- Housing Solutions
- Implementation Timeline
- Council Input

Background

Redevelopment Agencies

- Established by state legislature in 1945 to assist local governments in eliminating blight through development, reconstruction, and rehabilitation of residential, commercial, industrial, and retail districts
- 20% of the tax increment revenue from redevelopment project areas be used to increase, improve, and preserve the supply of housing for very low, low, and moderate income households
- Dissolved statewide in 2012 due concerns of funding misuse. Remaining funds and resources transferred to ‘successor agencies’

Background

Successor Agencies

- Established to manage redevelopment projects currently underway, make payments on enforceable obligations, and dispose of redevelopment assets and properties.
- Goal of winding down Redevelopment Agency functions
- The City of Pinole's Community Development Department acts as the Successor Agency for the City of Pinole, stewarding the disbursement of the remaining resources.
- This includes a $3.5M Housing Asset Fund

Background

Housing Asset Fund Eligible Uses

1. **Administrative Costs** for operation of the housing successor agency to the amount greater of:
   a. $200,000 per year adjusted for inflation ($270,700 for FY ‘24-’24)
   b. 5% of the statutory value of real property owned by the successor agency and the value of loans and grants receivable ($263,753)
2. **Homelessness prevention and Rapid Rehousing Services** up to $500,000 per year.
3. **Affordable Housing Development** assisting households earning up to 80% of the Area Median Income (AMI).

Background

Housing Element and Policy Guidebook

- Housing element
  - State mandated housing plan incorporated into all City and County General Plan
  - Sets forth the City's overall housing objectives in the form of goals, policies, and programs.
- Policy Guidebook
  - In order for "Housing to Meet the Needs of All Income Levels and Special Needs Groups", Program 7 of the Housing element calls for the "Development of Housing Successor's Low and Moderate Income Asset Fund Policy.
  - The Policy Guidebook will set priorities and goals for the use of affordable housing funds in the City's as well as investigate the creation of an in-lieu fee as an alternative to the inclusionary housing requirement.

Project Collaborators

Northern California Land Trust

- Support Community Engagement
- Co-author Guidebook

RSG Consultants

- Provide technical policy expertise
- Author in lieu fee report

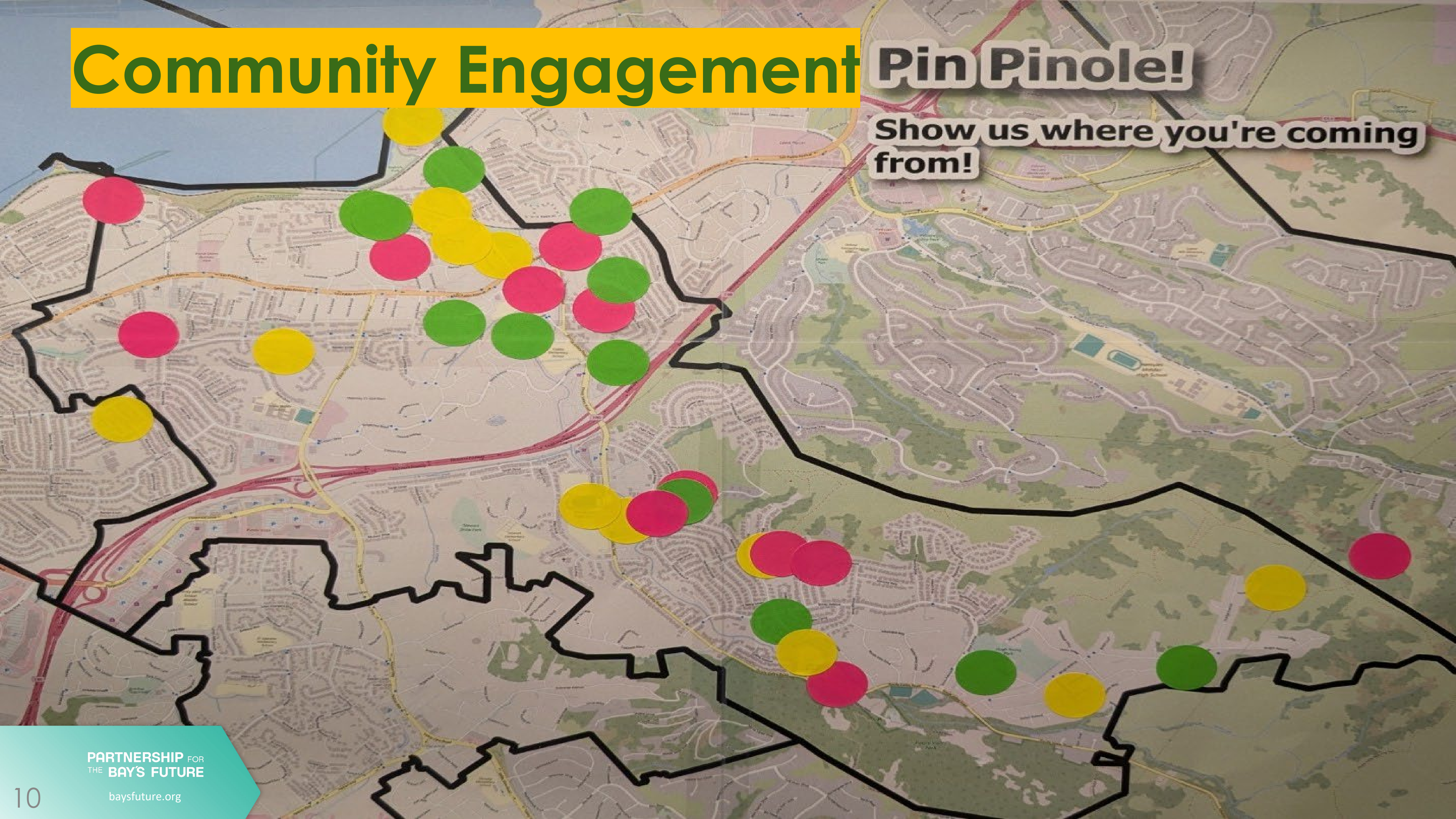
Partnership for the Bay's Future Housing Fellow

- Manage Guidebook development
- Program development and implementation

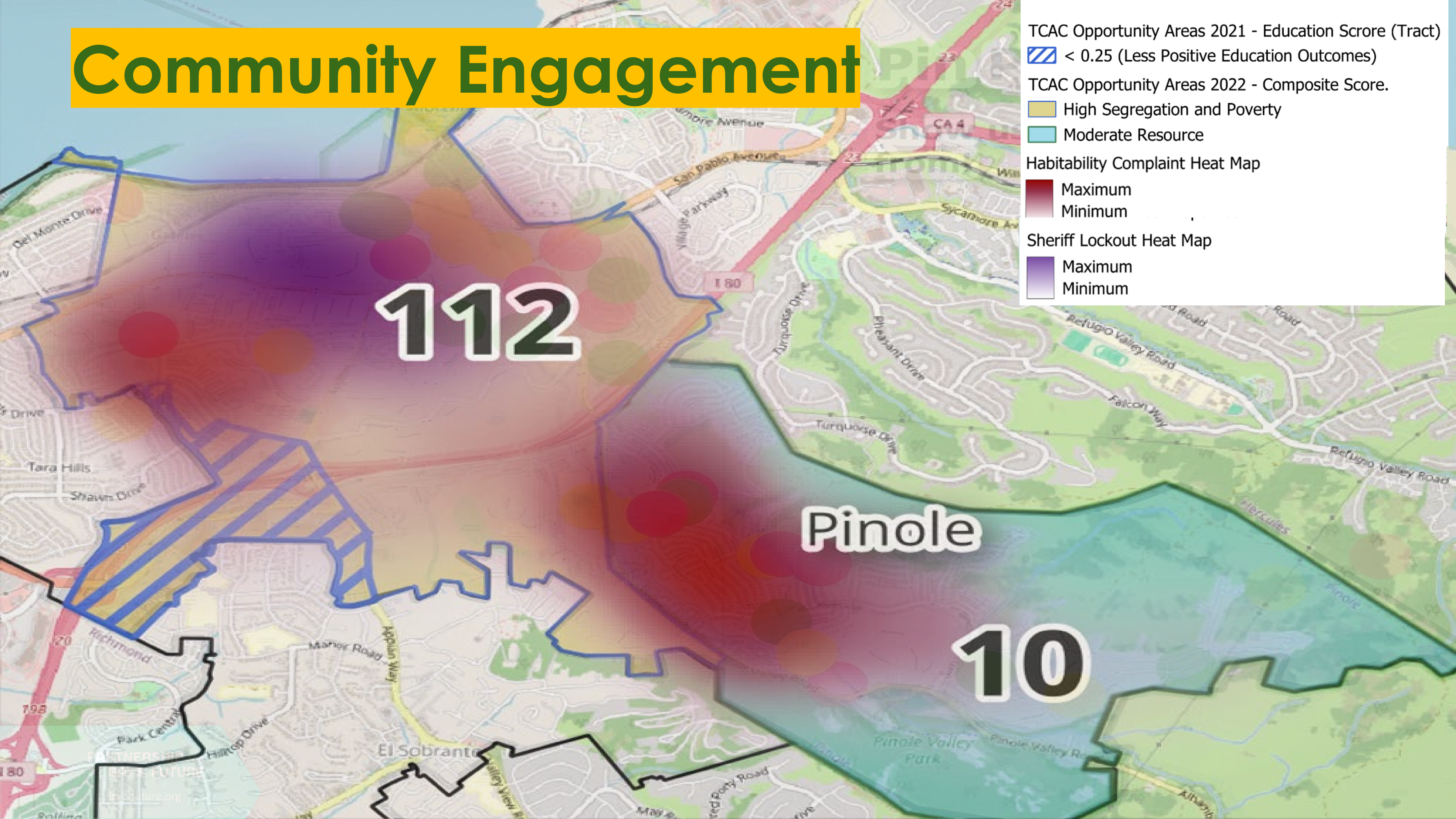
Guidebook Context

- Community Engagement showed strong support for rental assistance, down payment assistance for first time homebuyers, permit streamlining, zoning reform, and support for seniors.
- In-person survey respondents identified increasing housing costs, lack of housing options, and difficulty getting repairs completed (both as renters and owners) as personal housing obstacles they'd experienced
- City is on track to meet Regional Housing Needs Allocation target (RHNA) of 500 new units by 2031
- Partnership with Community Outreach Referral and Engagement (CORE) teams and elevated eviction trends have highlighted need for housing stability supports.

Community Engagement



Community Engagement



Community Engagement

Pin Pinole!

Show us where you're coming from!

Online Survey

- 12 Question survey launched late 2025
- 151 respondents. Renters and BIPOC residents underrepresented
- Support for permit streamlining, affordable housing development and rental assistance.

Community Events [ongoing]

- Targeted outreach at community events such as the Pride & Juneteenth Celebration (21 survey respondents)
- Stronger support for tenant protections.

Housing Input Sessions

- Pinole Community Development Department hosted 2 in-person input sessions in May 2026
- Minimal attendance, but strong support for proposed solutions.

Planning Commission Input

- Presented preliminary findings, programs, and policy solutions for input
- Informed approach to continued community engagement, In Lieu Fee proposal, and program development

Guidebook Context: Regional Housing Needs Assessment (RHNA)

Table 3: Pinole RHNA, 2023–2031

Income Group	% of County AMI	Units	% of Units
Extremely Low[1]	*0–30%*	60	12.0%
Very Low	*30–50%*	61	12.2%
Low	*50–80%*	69	13.8%
Moderate	*80–120%*	87	17.4%
Above Moderate	*> 120%*	223	44.6%
Total	-	**500**	**100%**

Source: Association of Bay Area Governments (ABAG) as referenced in Pinole 2023-2031 Housing Element Data Package, Table HHPROJ-01.

[1]Pursuant to AB 2634, local jurisdictions are also required to project the needs of extremely low-income households (0–30% of AMI). Fifty percent of the very low-income households are presumed to qualify as extremely low-income households.

RHNA Requirements

State Requirement based on current housing context and economic needs.

500 units of housing targeted by 2031, with portions of units set aside for various income levels.

51% of target units are either built, in development, or entitled, including 24% of very low-income units, and 17% of low income units

Guidebook Context: Housing Production

Pinole is on track to meet RHNA obligations, but still needs to be diligent in supporting development and densification in order to continue its current trajectory.

The City has made substantial progress streamlining permitting, simplifying ADU processes, and eliminating zoning barriers that traditionally hinder housing and affordable housing development.

Key partnerships with nonprofits like SAHA and Eden Housing are key in creating a more equitable housing context for Pinole.

Guidebook Context: Homelessness

CONTRA COSTA HEALTH
cchealth.org

CORE in Pinole

7/01/25 – 12/31/25

44 unduplicated participants served in **Pinole**

37 individuals (**84%**) have roots in **Pinole**

Low Income & Loss of Job were the leading causes of homelessness

Of all contacts made, **49%** were made by the **Pinole CORE Team**

33 individuals (**75%**) reported a ***disabling condition***

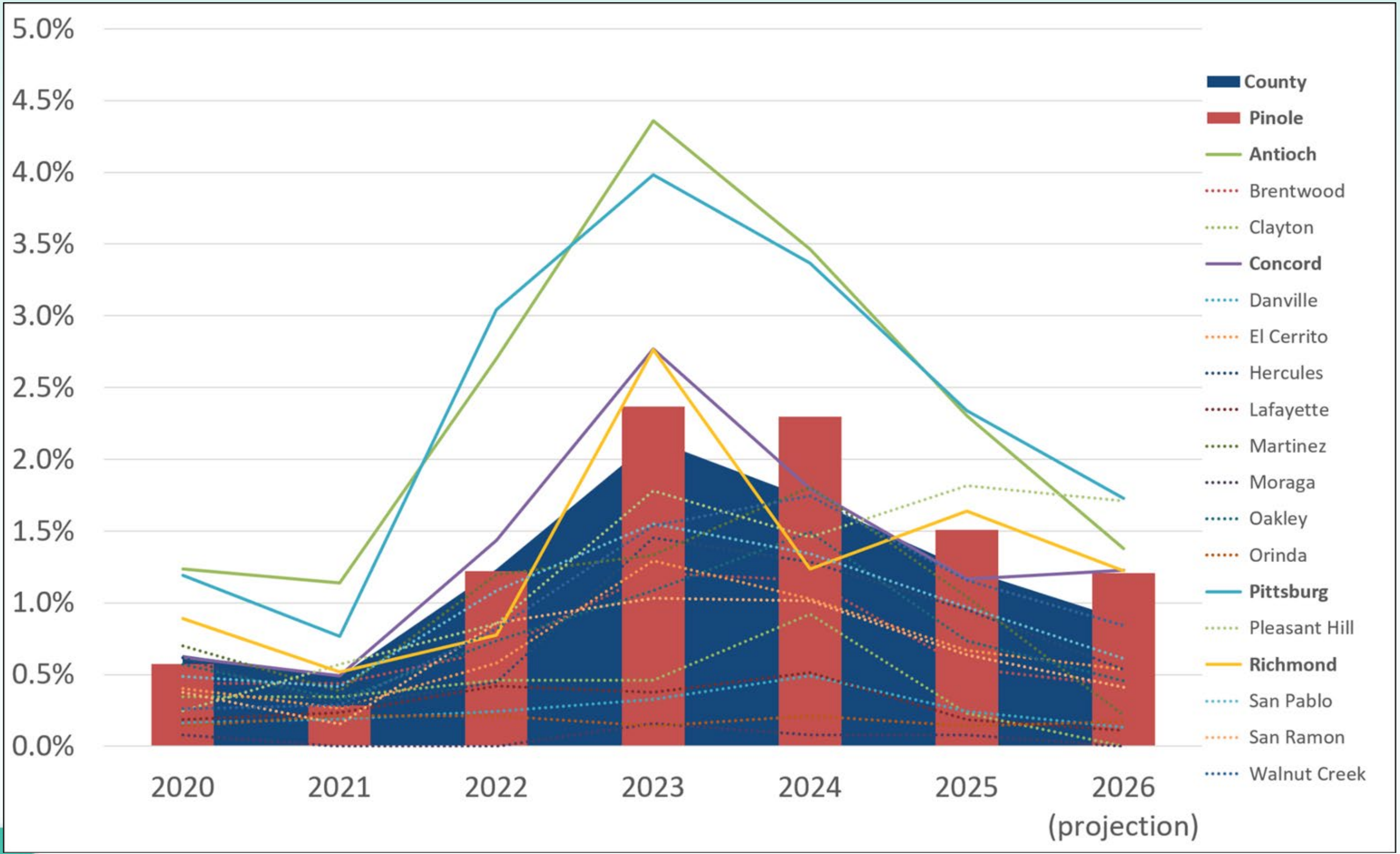
12 individuals (35%) exited to stable housing

28 individuals (**68%**) reported being ***first time homeless***

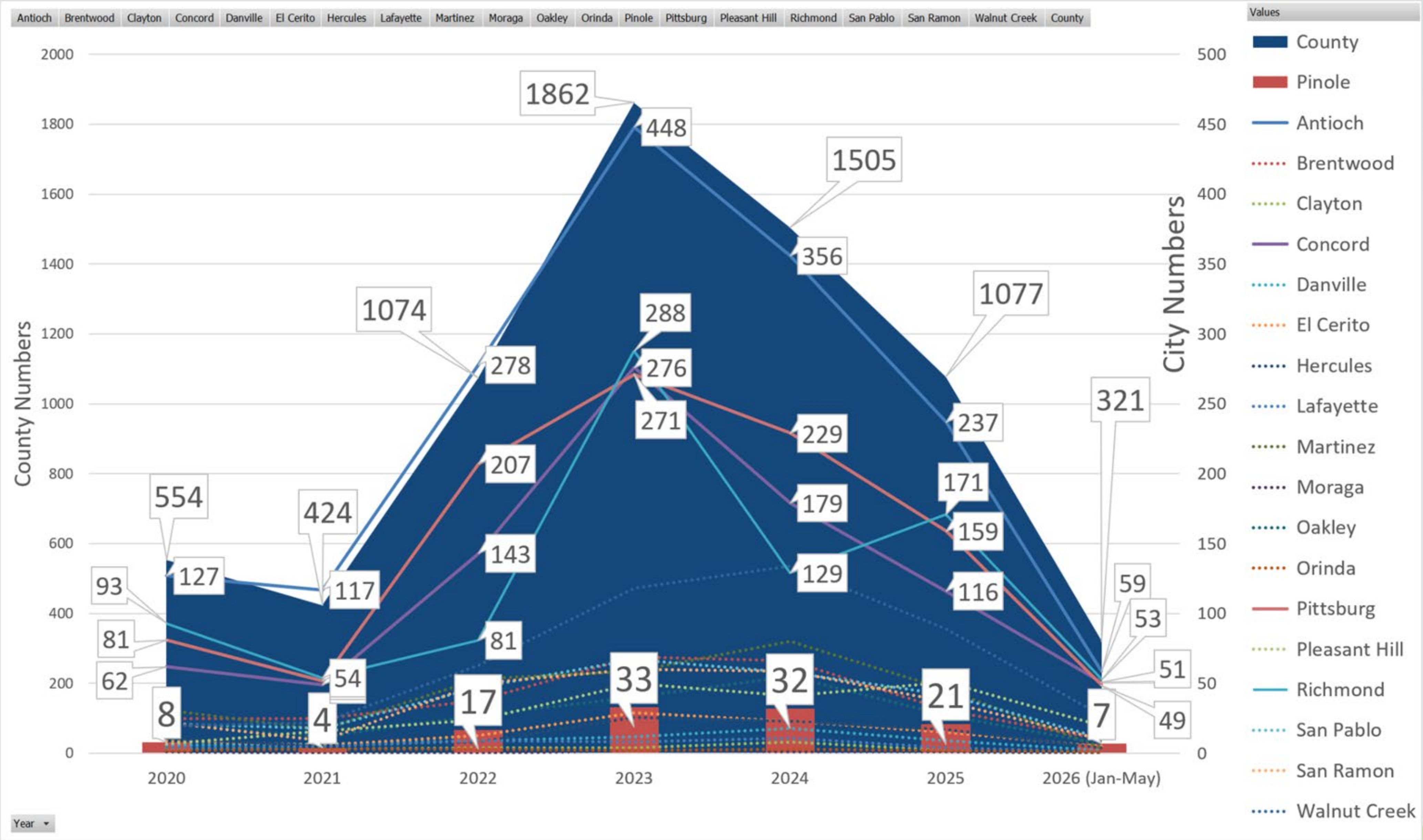
Guidebook Context: Homelessness

- Substantial high rate of first-time homelessness indicates shifting trends in housing contexts.
  - Homelessness becomes ‘stickier’ with each experience
- While collaboration with CORE and other County programs is likely adequate for managing current unhoused population, prevention will be key in minimizing/eliminating homelessness
- Funding and policy trends at the federal level are expected to increase homelessness rates especially amongst senior residents.

Guidebook Context: Evictions



Guidebook Context: Evictions



Guidebook Context: Evictions

- Contra Costa County has the second highest eviction rate in the Bay Area.
  - The Bay Area Housing Finance Authority's Eviction Study, published in 2025, attributes attributes these trends to demographic shifts in the region. As folks have been priced out of the major metropolitan areas, demand for rental units has increased in Solano and Contra Costa Counties - regions with far fewer rental protections established.
- From January 2020 to May 31 2026, 122 Sheriff lockouts were issued for the City of Pinole, making Pinole the 4th highest eviction rate in the County.
- Area code 94564 has the 13th highest eviction rate out of the 150 zip codes in the Bay Area with sufficient eviction data
- The most common reason for at-fault evictions is failure to pay rent. This highlights the value of City support programs for both renters and rental property operators, as evictions hurt both groups

Housing Solutions

- Community Input
- Housing Data
- RHNA Obligations

Policy Guidebook and Program Development to strategically employ existing resources

- Homelessness Support and Prevention Services
- In Lieu Fee
- Fair Housing Trainings
- Senior and Low-income Homeowner Assistance
- Expanded Housing Staff Capacity

Active Uses

Affordable Housing Consulting Services

- Pinole contracts with RSG Consultants to support ongoing program compliance and implementation
- Monitoring 21 Affordable Housing properties with 433 income-restricted units, preparation of Housing Successor Agency Annual Report, and general advisory support.

CORE Quad-City Contract

- The Quad City CORE Team was established to provide homelessness support services in Pinole, Hercules, San Pablo, and El Cerrito.
- This contract was renewed June 2026 as well.
- Pinole's portion of the contract is currently funded through the Housing Asset Fund under Eligible Use 2, Preventing Homelessness and Rapid Rehousing Services

Fair Housing Intern

- A portion of the Housing Asset Fund will be used to support a Housing Summer Intern that will support continued community engagement, housing program management, and facilitate fair housing trainings.
- The remaining costs of the intern were allocated in the approved 26-27 FY CDD budget.

Active Uses

Home Match Program

- In November 2025, Pinole contracted with Front Porch Communities and Services to administer the Home Match Program, which connects community members seeking housing with older adults who have extra space in their homes.
- The FY '26-'27 budget for this program had to be reduced by 50% in order to meet department budgetary requirements.

Fair Housing Trainings

- A portion of the Housing Asset Fund will be used to facilitate the development of Fair Housing Law Training materials and seminars through a Housing Intern.
- The intern will work with NCLT to develop, promote, and support the facilitation of the tranings.

Affordable Housing

- The Housing Successor Agency oversees several real properties transferred from the former Redevelopment Agency and continues to manage them.
- The Housing Successor administers a portfolio of long-term loans that support affordable housing development and homeownership opportunities within the community

Prepared Initiatives: In Lieu Fee

Overview

- The purpose of an in-lieu fee is to provide property developers with an alternative option to the City's on-site affordable housing requirement.
- Pinole requires all new residential developments of four or more units to price at least 15% of available units as affordable, with 40% of the affordable rental units deeply affordable.
- An In Lieu fee would be paid 'in-lieu' of developing those affordable units and is generally intended to cover the cost it would take to develop those units elsewhere.
- The goal of these fees are to be not so high that it halts development or so low that it doesn't adequately fund alternative affordable housing development.
- In 2025, per Housing Element Program 7, the City commissioned a report on the feasibility of an in-lieu fee for the Inclusionary Housing Policy. From this City Staff present Council two policy recommendations

Prepared Uses: In Lieu Fee

RSG Study Findings

- To evaluate the feasibility of an in-lieu fee, the City's housing policy consultant firm RSG conducted a financial analysis of six different prototypical residential developments in Pinole.
- The analysis found that fees $9 to $25 per square foot for ownership style housing development, and $12 to $49 per square foot rental housing development were the feasible range of possible fees.
- Even at the highest fee levels considered financially feasible for developers, the revenues generated by an in-lieu fee would not be able to adequately fund the cost of developing separate affordable units.
- Based on these findings, staff does not recommend pursuing an in-lieu fee for larger developments.

Prepared Uses: In Lieu Fee

Recommendation 1: No In Lieu Fee for Large Developments

- In Lieu Fees are often employed when a municipality is behind on its RHNa obligations, however, Pinole is on track to fulfill its RHNA obligations and City Staff have not found the current Inclusionary Housing Policy to deter housing development.
- Based on this, it is unlikely that an in lieu fee is necessary for the City's RHNA obligations, and would result in less affordable housing being developed in the City.
- Currently, when a project cannot accommodate on-site affordable units, developers are able to build the units off-site. Currently this remedy has proven to be adequate for developers.

Prepared Initiatives: In Lieu Fee

Recommendation 2: Smaller Development In Lieu Fee

- Following input from the Pinole Planning Commission, City Staff investigated creating an in lieu fee policy specifically for smaller developers and developments.
- Program 7 of the Housing Element directed the City to investigate an in lieu fee policy to support smaller developments where the current Inclusionary Housing Policy could have negatively impact project feasibility.
- RSG and City Staff Recommend establishing an In Lieu Fee Policy for developments of fewer than ten units.
- Replacing the existing 4 unit exemption with a model applicable to developments with fewer than ten units could better support missing-middle housing, while also generating limited revenue from smaller projects without undermining on-site production in larger one

Prepared Initiatives: Tenant Retention Program

Overview

- Tenant Retention Programs, or Emergency Rental Assistance Programs, are an extremely cost effective tool in supporting residents and preventing homelessness.
- They provide direct funds for the specific needs of residents facing eviction or displacement.
- Tenant Retention Programs expand eligible uses so that the funds can address employment or medical obstacles.
    - For example, vehicle repairs necessary to maintaining one’s employment.

Prepared Initiatives: Tenant Retention Program

Proposed Program: *Housing Security Fund Set-Aside*

- The Contra Costa Housing Security Fund (HSF) is a county-wide community tenant retention program facilitated by the County Continuum of Care and CORE Team.
- In 2023 El Cerrito established a set-aside contribution to the HSF to support their residents without creating additional staffing burdens.
- Applicants must demonstrate they will be able to retain their housing following the support, and each disbursement is approved by City Staff.
- El Cerrito has renewed and expanded their set-aside fund, with Cities such as Richmond establishing their own as well.
- Based on size, available data, and funding trends, County staff recommend an annual set aside contribution of $25,000 for Pinole.

CONTRA COSTA REGIONAL HEALTH FOUNDATION

THE CITY OF EL CERRITO

Contra Costa Council on Homelessness

Emerging Initiatives

Staffing Capacity

The City is permitted to spend $270,000 annually on the administrative costs related to pursuing the goals of the Housing Successor Fund. Historically this has been used to supplement existing staff capacities or commission consultant reports at an ad hoc capacity. Moving forward, this report recommends that the city establish a designated Housing Successor Fund management role that can capitalize this valuable resource and oversee its equitable and sustainable disbursement.

Senior/Lower-income Homeowner Repairs (Program 16 of Housing Element)

Rebuilding Together is a nonprofit contracted with Contra Costa County to provide property repair support to senior and lower income homeowners in the County. CDD has partnered with them on properties in the City but have been somewhat limited by the bounds of the County contract.

Staff recommend contracting with Rebuilding Together or other similar programs to provide these valuable services to our residents.

Emerging Initiatives

Community Land Trusts

CLTs are nonprofits that can acquire, maintain, and permanently own the land underneath housing, insulating housing stock from the impacts of market speculation and ensuring long-term affordability of housing.

Richmond LAND, an emerging CLT, has spearheaded shared-equity housing projects and collaborated with the City to create an Equitable Public Land Disposition Policy.

NCLT has supported Pinole in the development of this guidebook, and continued collaboration will be extremely valuable to the City.

Down Payment Assistance

Down payment assistance programs can assist eligible first-time homebuyers in Pinole. For example, the state CalHome program offers 30-year deferred loans of up to $200,000 at 3% simple interest. In the last year, NCLT has aided six first time homebuyers in securing a down payment assistance loan, totaling over one million dollars in below market-rate loans. Down payment assistance programs like CalHome are crucial for increasing the purchasing power of low-income households, amidst the highly competitive housing market.

Emerging Initiatives

Rent Stabilization

A rent stabilization ordinance would implement limits on rent increases, only allowing for gradual and percentage-based increases. Statewide tenant protections under AB 1482 (the California Tenant Protection Act) continue to apply to most multifamily rental units in Pinole, capping annual rent increases at 5% plus local CPI.

Additional research is needed to determine the necessity and impact of a rent stabilization ordinance for Pinole.

Just Cause Eviction Policy and Right to Legal Counsel

Just Cause Eviction Policies require landlords to provide a valid legal reason before evicting a tenant, preventing arbitrary or retaliatory evictions.

Right to Legal Counsel Policies provide access to free or low-cost legal representation for tenants facing eviction - proven to dramatically reduce displacement rates.

Both these programs would aim at protecting tenants from eviction or mistreatment.

Housing Asset Fund Uses		Status
Affordable Housing Consulting Services	CORE Quad City Contract	Active and Ongoing
Fair Housing Trainings	HomeMatch Program	
Real Property Oversight	Affordable Development Loans	
Tenant Retention Program	In Lieu Fee Policy Update	Prepared to Launch
Increase Staffing Capacity	Senior and Lower Income Housing Support Program	Emerging
Down Payment Assistance Program	Community Land Trust Collaboration	
Just Cause Eviction Policy	Rent Stabilization Policy	
Tenant Right to Counsel		

Policy Guidebook Implementation Timeline

Jul-Sept '26

Development

Continue research, community engagement, and program development based on Council Input

October '26

Council Approval

Adopt Final Policy Guidebook

Adopt any Guidebook Programs ready for implementation

Oct-Dec '26

Implement Prepared Initiatives

Adopt policies, secure contracts, and build out programs based on Council and Community Input and the Policy Guidebook

End of PBF Fellowship

Jan-Jun '27

Implement Emerging Initiatives

Develop and implement additional programs and policies from guidebook

July '27

Progress Report

Report back to Council on Housing Asset Fund impact and additional policy and program recommendations and revisions.

PARTNERSHIP FOR THE BAY'S FUTURE

Thank You!

Staff recommends the City Council receive an introductory report on the Partnership for the Bay's Future Housing Successor Fund Policy Guidebook and Evaluation of an In-Lieu Fee Alternative to Inclusionary Housing, including engagement efforts, preliminary findings, and staff requests for feedback.

Staff will return in the fall per Council direction with finalized documents for approval

References

https://www.huduser.gov/portal/publications/redevelopment_whitepaper.pdf

https://auditor.lacounty.gov/redevelopment-agency-history/

https://dof.ca.gov/programs/redevelopment/

https://www.pinole.gov/wp-content/uploads/2024/07/PinoleHEU_Compliant_Clean-1.pdf

https://pinoleca.portal.civicclerk.com/event/982/files/attachment/1610

https://www.cchealth.org/services-and-programs/homeless-services/how-to-help/donate/housing-security-fund

https://mtc.ca.gov/about-mtc/authorities/bay-area-housing-finance-authority/bahfa-programs/bay-area-eviction-study

CITY RESPONSE TO THE CIVIL GRAND JURY REPORT

City of Pinole

City Council Meeting

July 7, 2026

PINOLE
CALIFORNIA

BACKGROUND

- The Contra Costa County Civil Grand Jury prepared and published a report titled "*Pinole's Future: It's a Rough Road Ahead*" dated May 14, 2026
- This presentation outlines the City's draft responses to the findings and recommendations in the report
- The City is required to submit a formal response to the Grand Jury no later than August 14, 2026

FINDING F1

The City of Pinole's Fiscal Year 2025/26 Operating Budget is characterized as structurally balanced in its budget documents.

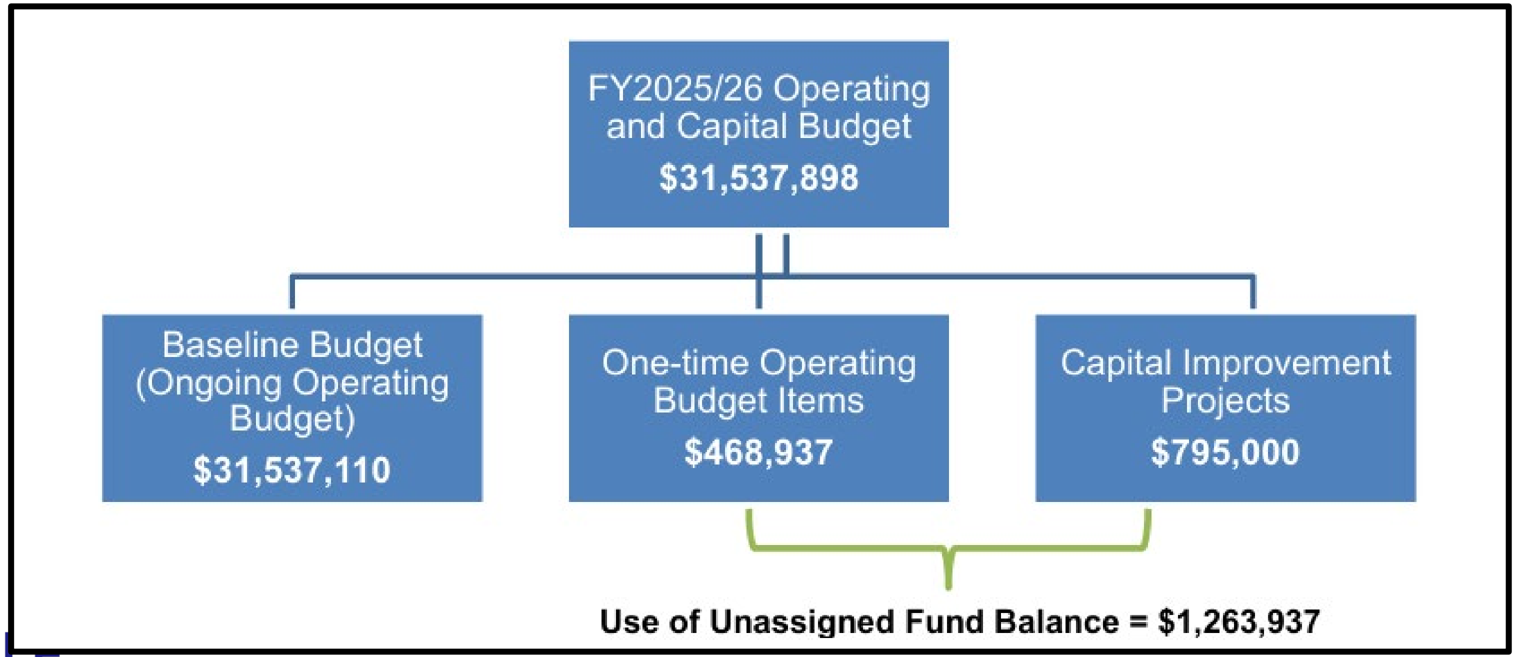
A: Pinole agrees with the finding.

The General Fund operating budget is balanced, meaning that ongoing expenditures are funded by ongoing revenues.

FINDING F2

Pinole's Fiscal Year 2025/26 Operating Budget achieves structural balance by relying on a general fund reduction to pay for what are termed "one-time initiatives".

A: Pinole agrees with the finding.



PINOLE
CALIFORNIA

FINDING F3

Within the Fiscal Year 2025/26 Operating Budget, deficits are projected in the Recreation Department ($1.8 million), the Building and Planning Department ($900,000), and the city-sponsored cable TV station ($400,000).

A: Pinole agrees with the finding.

Transfers out include the transfer of funds from the General Fund, Measure S, and Measure I Funds to other funds, including road funds, and Recreation, Pinole Community Television (PCTV), and Building and Planning. The transfer helps to stabilize the budgets in those areas as the operating costs are not fully recoverable.

FINDING F4

Pinole's finance staff project that annual operating budget deficits will increase, growing to a $5.6 million deficit for Fiscal Year 2029/30.

A: Pinole partially disagrees with the finding. Beginning in FY 2026/27, the City has implemented an updated long-term financial forecast (the "Yellow Brick Road"), which incorporate significant expenditure cuts and other measures to achieve a balanced budget going forward.

YELLOW BRICK ROAD

	2026B	2027F (1ST)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F
REVENUES & SOURCES												
311 - PROPERTY TAXES	6,698,790	6,899,754	6,771,860	7,022,419	7,282,248	7,551,692	7,831,104	8,120,855	8,421,327	8,732,916	9,056,034	9,391,107
312 - SALES AND USE TAXES	12,364,189	12,563,278	12,711,780	13,016,863	13,381,335	13,742,631	14,113,682	14,494,751	14,886,110	15,288,035	15,700,812	16,124,733
313 - UTILITY USERS TAX	2,345,000	2,532,600	2,737,490	2,819,615	2,904,203	2,991,329	3,081,069	3,173,501	3,268,706	3,366,767	3,467,770	3,571,804
314 - FRANCHISE TAXES	850,000	901,000	832,000	856,960	882,669	909,149	936,423	964,516	993,452	1,023,255	1,053,953	1,085,571
315 - OTHER TAXES	876,172	902,457	817,140	841,654	866,904	892,911	919,698	947,289	975,708	1,004,979	1,035,129	1,066,182
321 - INTERGOVERNMENTAL TAXES	2,513,149	2,612,475	2,579,433	2,674,872	2,773,842	2,876,474	2,982,904	3,093,271	3,207,722	3,326,408	3,449,485	3,577,116
323 - STATE GRANTS	73,022	73,022	143,340	73,022	73,022	73,022	73,022	73,022	73,022	73,022	73,022	73,022
324 - OTHER GRANTS	72,025	25,209	-	-	-	-	-	-	-	-	-	-
332 - PERMITS	301,700	310,751	328,000	337,840	347,975	358,414	369,167	380,242	391,649	403,399	415,501	427,966
341 - REVIEW FEES	25,500	36,922	-	-	-	-	-	-	-	-	-	-
342 - OTHER FEES	64,809	54,991	72,234	74,401	76,633	78,932	81,300	83,739	86,251	88,839	91,504	94,249
343 - ABATEMENT FEES	42,000	20,223	39,500	40,685	41,906	43,163	44,458	45,791	47,165	48,580	50,037	51,539
344 - IMPACT FEES	-	-	-	-	-	-	-	-	-	-	-	-
351 - FINES AND FORFEITURE	15,550	13,735	16,400	13,735	13,735	13,735	13,735	13,735	13,735	13,735	13,735	13,735
361 - PUBLIC SAFETY CHARGES	1,861,497	1,954,572	1,926,047	2,022,349	2,123,467	2,229,640	2,341,122	2,458,178	2,581,087	2,710,142	2,845,649	2,987,931
370 - INTEREST AND INVESTMENT INCOME	100,000	61,845	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
381 - RENTAL INCOME	81,450	83,894	-	-	-	-	-	-	-	-	-	-
383 - REIMBURSEMENTS	11,500	11,615	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
384 - OTHER REVENUE	5,100	5,151	5,100	5,203	5,255	5,307	5,360	5,414	5,468	5,523	5,578	5,634
392 - PROCEEDS FROM SALE OF PROPERTY	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL REVENUES AND SOURCES	**28,302,453**	**29,064,493**	**29,046,824**	**29,866,117**	**30,839,693**	**31,832,899**	**32,859,544**	**33,920,805**	**35,017,901**	**36,152,098**	**37,324,707**	**38,537,088**
EXPENDITURES & USES, BY ACCOUNT GROUP												
401 - SALARIES AND WAGES	9,750,688	10,043,209	9,983,165	10,082,997	10,183,827	10,285,665	10,388,522	10,492,407	10,597,331	10,703,304	10,810,337	10,918,441
402 - OVERTIME	535,649	551,718	635,295	641,648	648,064	654,545	661,090	667,701	674,378	681,122	687,933	694,812
403 - OTHER PAY	539,942	556,140	556,126	561,687	567,304	572,977	578,707	584,494	590,339	596,242	602,205	608,227
405 - SALARY SAVINGS	(300,000)	(300,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
410 - EMPLOYEE BENEFITS (EXCL. PERS)	2,358,236	2,675,483	2,600,940	2,732,911	2,896,886	3,070,699	3,254,941	3,450,237	3,657,252	3,876,687	4,109,288	4,355,845
410 - PERS ONLY	4,437,115	4,842,565	4,866,592	5,109,922	5,365,418	5,633,689	5,915,373	6,211,142	6,521,699	6,847,784	7,190,173	7,549,681
411 - RETIREE BENEFITS	1,383,000	1,419,600	1,465,980	1,553,939	1,647,175	1,746,006	1,850,766	1,961,812	2,079,521	2,204,292	2,336,549	2,476,742
421 - PROFESSIONAL AND TECHNICAL SERVICES	1,248,420	1,144,372	1,332,632	1,372,611	1,413,789	1,456,202	1,499,889	1,544,885	1,591,232	1,638,969	1,688,138	1,738,782
FIRE SERVICE CONTRACT	6,115,941	6,579,529	6,579,529	6,579,529	6,579,529	6,579,529	6,579,529	6,579,529	6,579,529	6,579,529	6,579,529	6,579,529
FIRE PROFESSIONAL SERVICES (CITY COSTS)	745,616	814,501	814,051	838,473	863,627	889,536	916,222	943,708	972,019	1,001,180	1,031,215	1,062,152
422 - OFFICE EXPENSES	119,755	102,012	100,875	104,337	106,731	109,198	111,738	114,355	117,050	119,825	122,685	125,630
423 - TRAVEL, TRAINING & MEETING COSTS	250,435	247,040	270,974	254,452	262,085	269,948	278,046	286,388	294,979	303,829	312,943	322,332
424 - DUES, PUBLICATIONS AND ADVERTISING	46,869	44,869	49,884	44,869	44,869	44,869	44,869	44,869	44,869	44,869	44,869	44,869
425 - ADMINISTRATIVE EXPENSES	388,435	402,788	400,267	418,070	434,034	450,716	468,155	486,392	505,469	525,432	546,331	568,215
431 - UTILITIES	374,000	388,640	377,350	404,350	420,815	438,077	456,182	475,177	495,114	516,046	538,032	561,133
432 - TAXES	4,156	4,156	4,156	4,156	4,156	4,156	4,156	4,156	4,156	4,156	4,156	4,156
443 - OTHER MATERIALS AND SUPPLIES	148,700	153,161	188,700	194,361	200,192	206,198	212,384	218,755	225,318	232,077	239,040	246,211
444 - CLOTHING AND UNIFORMS	36,298	37,387	34,500	35,535	36,601	37,699	38,830	39,995	41,195	42,431	43,704	45,015
461 - INDIRECT COST ALLOCATIONS	(1,452,408)	(1,495,800)	(1,457,096)	(1,417,211)	(1,431,383)	(1,445,697)	(1,460,154)	(1,474,755)	(1,489,503)	(1,504,398)	(1,519,442)	(1,534,636)
462 - INSURANCE	786,871	802,608	814,516	847,097	880,981	916,220	952,869	990,983	1,030,623	1,071,847	1,114,721	1,159,310
471 - FURNITURE, FIXTURES & EQUIPMENT	33,540	32,474	33,540	33,448	34,452	35,485	36,550	37,646	38,776	39,939	41,137	42,371
472 - IMPROVEMENTS	155,900	140,000	155,900	160,577	165,394	170,356	175,467	180,731	186,153	191,737	197,489	203,414
481 - DEBT SERVICE	653,545	675,000	678,546	700,000	720,000	793,000	793,000	793,000	793,000	793,000	887,500	887,500
491 - TRANSFERS OUT	3,176,407	3,254,194	2,995,373	3,085,234	3,177,791	3,273,125	3,371,319	3,472,458	3,576,632	3,683,931	3,794,449	3,908,282
XXX - Expenditure Cuts	-	-	-	(3,257,854)	(3,257,854)	(3,257,854)	(3,257,854)	(3,257,854)	(3,257,854)	(3,257,854)	(3,257,854)	(3,257,854)
TOTAL EXPENDITURES AND USES	**31,537,110**	**33,115,647**	**33,331,794**	**30,935,136**	**31,814,482**	**32,784,343**	**33,720,594**	**34,698,211**	**35,719,274**	**36,785,977**	**37,995,128**	**39,160,160**

YELLOW BRICK ROAD

	2026B	2027F (1ST)	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F
STRUCTURAL SURPLUS/(DEFICIT)	(3,234,657)	(4,051,155)	(4,284,970)	(1,069,019)	(974,789)	(951,444)	(861,049)	(777,406)	(701,373)	(633,879)	(670,421)	(623,072)
6% DEPT EXPENDITURE CUTS FY 2026/27			1,399,964	-	-	-	-	-	-	-	-	-
PINOLE FIRE ANNEXATION FY 2026/27			1,066,966	-	-	-	-	-	-	-	-	-
3% COST OF LIVING WAGE INCREASES			490,000	-	-	-	-	-	-	-	-	-
REALLOCATE PUBLIC WORKS POSITIONS TO PROJECTS			235,924	-	-	-	-	-	-	-	-	-
FREEZE/Unfreeze VACANT POLICE OFFICER			174,000	(174,000)	(174,000)	(174,000)	(174,000)	(174,000)	(174,000)	(174,000)	(174,000)	(174,000)
FREEZE/Unfreeze COMMUNITY SERVICES OFFICER			123,577	(123,577)	(123,577)	(123,577)	(123,577)	(123,577)	(123,577)	(123,577)	(123,577)	(123,577)
FREEZE/Unfreeze POLICE RECORDS SPECIALIST			110,709	(110,709)	(110,709)	(110,709)	(110,709)	(110,709)	(110,709)	(110,709)	(110,709)	(110,709)
MODIFY ATTRITION			65,000	-	-	-	-	-	-	-	-	-
NEW REVENUES/EXPENDITURE CUTS FY 2027/28				830,000	701,000	643,500	541,000	543,000	545,000	547,000	549,000	551,000
NEW REVENUES/EXPENDITURE CUTS FY 2028/29					-							
NEW REVENUES/EXPENDITURE CUTS FY 2029/30						-						
NEW REVENUES/EXPENDITURE CUTS FY 2030/31							-					
TRANSFERS IN FROM SECTION 115 TRUST ($	3,235,445	3,332,508	619,051	650,004	682,504	716,629	728,655	643,037	565,011	495,503	530,011	480,608
NET FAVORABLE/(UNFAVORABLE)	**788**	**(718,647)**	**221**	**2,699**	**429**	**399**	**320**	**345**	**352**	**338**	**304**	**250**

FINDING F5

Pinole generated operating deficits due to expenditures exceeding revenues in four of the five years prior to Fiscal Year 2025/26.

A: Pinole agrees with the finding.

FINDING F6

By relying on reserves to pay for “one-time expenditures” for the most recent three budget cycles (2023/24 through 2025/26), Pinole has not complied with its financial policies.

A: Pinole partially disagrees with the finding. Unassigned fund balance was on a pay-as-you-go basis for one-time initiatives and capital improvements projects. The City maintains a separate General Reserve with a current balance of $7.8 million that complies with its General Reserve Policy, which requires it to maintain a balance equal to 25% of total ongoing General Fund expenditures.

FINDING F7

Pinole has a total sales tax rate, at 10.25%, among the highest of any city in Contra Costa County.

A: Pinole agrees with the finding.

City	Sales Tax Rate
Antioch	9.75%
Brentwood	8.75%
Clayton	8.75%
Concord	9.75%
Danville	8.75%
El Cerrito	10.25%
Hercules	9.25%
Lafayette	9.25%
Martinez	9.75%
Moraga	9.75%
Oakley	8.75%
Orinda	9.75%
Pinole	**10.25%**
Pittsburg	9.25%
Pleasant Hill	9.25%
Richmond	9.75%
San Pablo	9.50%
San Ramon	9.75%
Walnut Creek	9.25%

PINOLE
CALIFORNIA

FINDING F8

In Council meetings and workshops, Pinole officials have acknowledged the difficulty of obtaining voter approval for additional tax measures.

A: Pinole agrees with the finding.

FINDING F9

Pinole's long-term financial forecast projects 10 years of operating deficits beginning in Fiscal Year 2026/27.

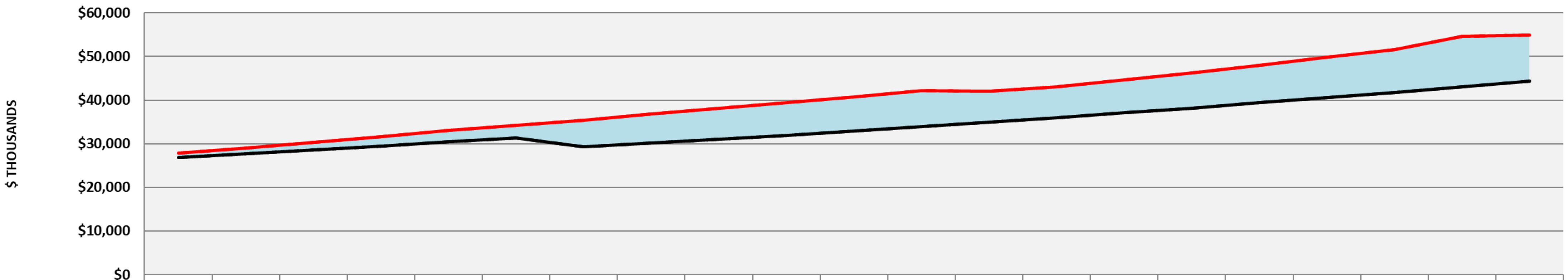
A: Pinole partially disagrees with the finding. While the original forecast projected deficits over the 10-year period, the City has since implemented the updated the "Yellow Brick Road", which reflects structurally balanced budgets with no deficits starting in FY 2026/27.

FINDING F10

The April 2024 "Baker Tilly Strategic Financial Planning Report" projects 20 years of operating deficits through Fiscal Year 2044/45.

A: Pinole agrees with the finding.

REVENUES AND EXPENDITURES - 10X - GENERAL FUND (100-105-106)



	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
VARIANCE	(974)	(1,284)	(1,689)	(2,055)	(2,619)	(2,905)	(6,157)	(6,723)	(7,116)	(7,467)	(7,872)	(8,252)	(7,138)	(7,026)	(7,496)	(8,017)	(8,590)	(9,220)	(9,759)	(11,504)	(10,552)
VAR BASE	27,873	28,991	30,307	31,561	33,027	34,245	35,419	36,857	38,151	39,431	40,794	42,164	42,072	43,015	44,573	46,218	47,952	49,780	51,556	54,578	54,946
BASELINE REV	26,899	27,707	28,618	29,506	30,408	31,340	29,262	30,134	31,035	31,964	32,923	33,912	34,934	35,989	37,077	38,201	39,362	40,560	41,797	43,074	44,394
REVENUES	26,899	27,707	28,618	29,506	30,408	31,340	29,262	30,134	31,035	31,964	32,923	33,912	34,934	35,989	37,077	38,201	39,362	40,560	41,797	43,074	44,394
BASELINE EXP	27,873	28,991	30,307	31,561	33,027	34,245	35,419	36,857	38,151	39,431	40,794	42,164	42,072	43,015	44,573	46,218	47,952	49,780	51,556	54,578	54,946
EXPENDITURES	27,873	28,991	30,307	31,561	33,027	34,245	35,419	36,857	38,151	39,431	40,794	42,164	42,072	43,015	44,573	46,218	47,952	49,780	51,556	54,578	54,946

PINOLE
CALIFORNIA

FINDING F11

The Baker Tilly Report emphasized a need for urgency in addressing ongoing deficit spending.

A: Pinole agrees with the finding.

FINDING F12

Pinole's CalPERS unfunded pension liabilities have increased from $18 million in 2014 to $45 million in 2024, an increase of 150%.

A: Pinole agrees with the finding.

Miscellaneous

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)
06/30/2014	$39,258,008	$30,254,242	$9,003,766
06/30/2015	39,497,531	28,738,683	10,758,848
06/30/2016	41,908,661	28,292,132	13,616,529
06/30/2017	43,922,000	30,295,294	13,626,706
06/30/2018	46,995,995	31,648,978	15,347,017
06/30/2019	49,238,743	33,340,050	15,898,693
06/30/2020	50,667,743	33,754,276	16,913,467
06/30/2021	53,594,748	40,772,533	12,822,215
06/30/2022	56,091,040	37,080,548	19,010,492
06/30/2023	58,458,749	38,472,846	19,985,903

Safety

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)
06/30/2014	$56,111,018	$46,686,286	$9,424,732
06/30/2015	57,996,772	45,575,302	12,421,470
06/30/2016	60,809,793	44,325,488	16,484,305
06/30/2017	64,072,583	47,307,038	16,765,545
06/30/2018	70,371,785	50,957,506	19,414,279
06/30/2019	72,486,976	52,024,491	20,462,485
06/30/2020	74,783,071	52,558,880	22,224,191
06/30/2021	79,892,122	63,611,780	16,280,342
06/30/2022	83,741,641	57,526,170	26,215,471
06/30/2023	86,651,647	58,890,331	27,761,316

FINDING F13

Pinole's most recently reported CalPERS annual obligation from 2024 was $6.5 million.

A: Pinole partially agrees with the finding. The current annual obligation is $6.2 million, based on the annual valuation report with a measurement date of June 30, 2024.

Miscellaneous

If the Annual UAL Payment Each Year Were...	The Current UAL Would be Paid Off in...	This Would Require an ADP[1] in FY 2026-27 of...	Plus the Estimated Normal Cost of...	Estimated Total Contribution
$2,005,048	15.1 years	$0	$841,801	$2,846,849

Safety

If the Annual UAL Payment Each Year Were...	The Current UAL Would be Paid Off in...	This Would Require an ADP[1] in FY 2026-27 of...	Plus the Estimated Normal Cost of...	Estimated Total Contribution
$2,697,019	17.3 years	$0	$670,949	$3,367,968

CALIFORNIA

FINDING F14

The CalPERS obligation is projected to increase by more than 10% in Fiscal Year 2026/27.

A: Pinole agrees with the finding.

	FY 2025/26 Projected Actual	FY 2026/27 Budget	$ Change	% Change
Total CalPERS Contribution	$5,423,528	$6,012,001	$588,473	11%

PINOLE
CALIFORNIA

FINDING F15

Pinole's Section 115 Trust was funded in 2018 from proceeds from a one-time asset sale for $16.3 million to help offset the unfunded pension liability.

A: Pinole agrees with the finding.

FINDING F16

Pinole staff projects its Section 115 Trust funds will be exhausted by Fiscal Year 2030/31.

A: Pinole partially disagrees with the finding. While the original forecast projected full depletion of the Section 115 Trust by FY 2030/31, the City has since implemented the updated "Yellow Brick Road" forecast. It reflects structurally balanced budgets and significantly reduces the use of trust funds, limiting withdrawals to amounts below the annual interest earnings.

FINDING F17

Pinole has an unfunded retiree healthcare liability (Other Post-Employment Benefits, or OPEB) of approximately $35 million.

A: Pinole agrees with the finding.

G. Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at June 30, 2023 (Measurement Date)	$	34,976,356
Changes Recognized for the Measurement Period:		
Service Cost		1,223,695
Interest on the total OPEB liability		1,363,994
Difference between expected and actual experience		74,705
Changes of assumptions		(1,046,662)
Implicit Subsidy Credit		(383,474)
Benefit payments		(1,343,356)
Net Changes during July 1, 2023 to June 30, 2024		(111,098)
Balance at June 30, 2024 (Measurement Date)	$	34,865,258

PINOLE CALIFORNIA

FINDING F18

The OPEB obligations have been funded on a "pay as you go" basis with annual contributions from the General Fund.

A: Pinole agrees with the finding.

FINDING F19

Pinole's public roads are graded at "55" in the 2024 Metropolitan Transportation Commission Pavement Condition Index survey, indicating the roads are "At Risk" and require extensive rehabilitation.

A: Pinole agrees with the finding.

Pavement Condition Index (PCI) for Bay Area Jurisdictions, 2024 (continued)

At Risk (PCI = 50–59)

Jurisdiction	County	Total Lane Miles	3-YEAR MOVING AVERAGE 2022	2023	2024
Albany	Alameda	62.6	57	58	59
Cloverdale	Sonoma	65.1	55	57	59
Pittsburg	Contra Costa	354.4	60	60	59
Richmond	Contra Costa	580.4	60	59	59
American Canyon	Napa	113.4	60	59	58
Oakland	Alameda	2,052.3	54	57	58
Calistoga	Napa	30.6	60	59	57
San Carlos	San Mateo	179.3	58	57	57
San Leandro	Alameda	393.8	55	56	57
Sausalito	Marin	57.6	59	58	57
Berkeley	Alameda	449.6	56	56	56
Concord	Contra Costa	720.7	56	55	55
Pinole	Contra Costa	118.5	56	56	55

PINOLE
CALIFORNIA

FINDING F20

Pinole staff has estimated $60 million funding gap for infrastructure capital improvements other than public roads over the next 10 years.

A: Pinole agrees with the finding.

BACKGROUND

- As discussed in previous council meetings there are ongoing financial concerns that will need to be addressed in the next few years in order to keep the current service level
- There are additional infrastructure needs that need discussion of funding
- These include but are not limited to:
  - $60 Million of road rehabilitation needs
  - $60 Million of additional infrastructure need

PINOLE CALIFORNIA

FINDING F21

Pinole staff has identified an additional $60 million funding gap for infrastructure capital improvements other than public roads over the next 10 years.

A: Pinole agrees with the finding.

BACKGROUND

- As discussed in previous council meetings there are ongoing financial concerns that will need to be addressed in the next few years in order to keep the current service level
- There are additional infrastructure needs that need discussion of funding
- These include but are not limited to:
  - $60 Million of road rehabilitation needs
  - $60 Million of additional infrastructure need

FINDING F22

The Pinole finance staff told Council in 2025 that the City does not have the necessary funding for these infrastructure capital improvements.

A: Pinole agrees with the finding.

FINDING F23

Pinole's deferral of capital improvements will translate into higher costs (replacement versus repair) in the future.

A: Pinole agrees with the finding.

FINDING F24

Through the Fiscal Year 2025/2026 budget cycle, the Council had not publicly developed or discussed a comprehensive strategy for expenditure reduction or service adjustments to address projected structural budget deficits.

A: Pinole agrees with the finding.

FINDING F25

An assessment of Pinole's overall fiscal health, based on a dashboard developed by the California Policy Center using standardized financial measures, rated Pinole among the lowest of all reported California cities from 2022 to 2024.

A: Pinole agrees with the finding.

CALIFORNIA POLICY CENTER – LOCAL FISCAL HEALTH DASHBOARD

PINOLE

2024 / 2023 / 2022

Methodology, Glossary, & Tutorial

Annual Audit Report

OVERALL RISK - HIGH

F

Fiscal Strength 47 out of 100

(ranked 431 out of 436 cities with reported data)

The overall fiscal strength score aggregates ten dimensions of financial strength into a single score that ranges from 0 (worst) to 100 (best). It provides a summary of the overall fiscal standing.

GENERAL FUND RESERVES

A

13.63 out of 15

VIEW DETAILS

DEBT BURDEN

B

11.21 out of 15

VIEW DETAILS

LIQUIDITY

A

10.53 out of 10

VIEW DETAILS

REVENUE TRENDS

A

4.14 out of 5

VIEW DETAILS

PENSION COSTS

D

2.02 out of 5

VIEW DETAILS

PENSION FUNDING

B

3.67 out of 5

VIEW DETAILS

PENSION OBLIGATIONS

F

0 out of 10

VIEW DETAILS

OPEB OBLIGATIONS

F

1.68 out of 10

VIEW DETAILS

OPEB FUNDING

F

0 out of 5

VIEW DETAILS

PINOLE CALIFORNIA

FINDING F26

The Baker Tilly Report concluded that Pinole faces ongoing severe operating budget issues, including the threat of bankruptcy, if it does not balance annual expenditures and revenues.

A: Pinole agrees with the finding.

> The status quo fiscal model indicates that the City faces a structural deficit that would increase from an annual shortfall of $7.8 million by FY 2034-35 to a deficit of $10.5 million by FY 2044-45. Reserves would be fully depleted by FY 2028-29. Without taking any action, the City would face severe fiscal consequences, such as bankruptcy, which could mean significant reductions or full outsourcing of services, including police, parks, recreation, and public works. It would have negative impacts on economic development and quite possibly home prices. The City would face difficulties in recruiting and retaining its workforce as it would have a negative reputation in the labor market.

RECOMMENDATION R1

When developing all future Operating Budgets, the Council should comply with Pinole's "Financial and Investment Policies" that require a structurally balanced annual budget.

A: Pinole agrees with the finding. The recommendation has been implemented. See the Fiscal Year 2026/27 Budget.

RECOMMENDATION R2

During all future budget development cycles, the Council should consider directing staff to prepare an Operating Budget that includes expenditure reductions so that expenditures match revenues in each budget cycle.

A: Pinole agrees with the finding. The recommendation has been implemented. See the Fiscal Year 2026/27 Budget.

RECOMMENDATION R3

By Fiscal Year 2027/28, the Council should consider adopting a formal long-term financial plan that incorporates the level of expenditure reductions as outlined in the 2024 Baker Tilly Report.

A: Pinole agrees with the finding. The recommendation has been partially implemented. See the Fiscal Year 2026/27 Budget, which includes the "Yellow Brick Road". The City will complete a comprehensive long-term financial planning strategy that will address Other Post-Employment Benefits (OPEB) obligations, the information technology plan, and capital improvement funding options.

RECOMMENDATION R4

By December 31, 2026, the Council should consider developing methods to engage Pinole residents regarding options to address ongoing fiscal challenges.

A: Pinole agrees with the finding. The recommendation has not yet been implemented, but will be implemented in the future. The City will conduct quarterly Finance Subcommittee meetings.

RECOMMENDATION R5

By June 30, 2027, the Council should consider developing a plan to fund and reconstruct Pinole's public roads.

A: Pinole agrees with the finding. The recommendation has not yet been implemented, but will be implemented in the future. The Plan will be discussed at the Infrastructure and Transportation Subcommittee during the Fall of 2026 and incorporated in the CIP in the Spring of 2027.

RECOMMENDATION R6

By March 31, 2027, the Council should consider directing staff to review funding options, such as asset sales, to address Pinole's unfunded pension liability.

A: Pinole agrees with the finding. Pinole agrees with the finding. The recommendation has not yet been implemented, but will be implemented in the future. The City will conduct quarterly Finance Subcommittee meetings.

From: Cordell Hindler
To: Comment
Subject: Public Comments
Date: Monday, July 6, 2026 2:03:06 PM

Hello Mayor Tave, Council Members and Staff,

I am submitting the Following Comments into the Record:

1. for a future Agenda, the City Council should Consider Inviting Caitlin Sly to Present on the Food Bank of Contra Costa and Solano County

2. Also when MR Vossbrink calls in to make his comments, His time had expired so in the future the Council should consider hearing the commenter finish

Sincerely
Cordell

From: Lilly Whalen
To: Rafael Menis; Markisha Guillory; Comment
Cc: Jared Murti
Subject: Re: Questions on 7-7-2026 agenda packet
Date: Tuesday, July 7, 2026 2:05:49 PM

Hello, Rafael-

Thank you for the question and feedback regarding the housing item.

A 0 bedroom unit is simply a studio. Regarding timeframe, that is a good suggestion. This is a draft, and we can incorporate that feedback into the next draft.

Thank you,
Lilly Whalen
Community Development Director
City of Pinole

From: Rafael Menis [redacted]>
Sent: Tuesday, July 7, 2026 1:57 PM
To: Markisha Guillory <MGuillory@pinole.gov>; Comment <comment@pinole.gov>; Lilly Whalen <lwhalen@pinole.gov>
Subject: Questions on 7-7-2026 agenda packet

EXTERNAL EMAIL - This email was sent by a person from outside your organization. Exercise caution when clicking links, opening attachments or taking further action, before validating its authenticity.

I have a few questions about items on this week's agenda.

First- for item 9E, it looks like the first line of text is cut off on the left margin. Is anyone else seeing that, or is it an issue with my PDF reader?

Second- for the presentation packet, it says that Pinole agrees with finding F5 and partially disagrees with finding F6 (slides 9 and 10). Looking at the report itself, on page 7 (page 14 of the agenda packet) it states "Just as in the Fiscal Year 2025/26 budget, both prior year budgets referenced a list of Council-directed special projects. These special projects in all three fiscal years do not meet the substance of Pinole's financial policies' definition of non-recurring expenditures. The fact that Pinole has used this funding tactic in three consecutive budgets does not adhere to the city's financial policies. Pinole has been drawing down its General Fund Reserve balances each year to fund add-on Council-directed special projects and other recurring expenditures.". Are all of the repeat entries in special projects (which you can see by cross-referencing pages 14 and 15 in the FY23-24 budget, page 14 in FY 24-25 budget, and page 14 in the FY 25-26 budget) ones that were not completed in the prior year(s) (and therefore not recurring), or are some of them entries that occurred multiple times (and therefore are recurring)?

More broadly, if we treat the 115 Trust as a one-time revenue source once we start drawing down the principal (which the city was projecting already as early as FY22-23- see Long Term Financial Plan FY22-23, page 14), was the operating budget for those years actually structurally balanced? I recognize that due to the yellow brick road changes the city should no longer be drawing down the 115 trust principal, but it did in prior years.

Third- for item 12A, on page 272 one of the categories listed is a 0-bedroom unit. What is a 0-bedroom unit? More broadly, would it be possible to list the timeframe of the housing policy guidebook, rather than "current housing context" (page 292)? At some points in one document we see 2025 AMI data, and at others 2024 rental and income data.

Thanks, Rafael