



**MINUTES
SPECIAL TIME
FINANCE, ADMINISTRATION AND POLICE SUBCOMMITTEE**

Meeting Date and Special Time: Tuesday, May 5, 2020, 3:00 p.m.

Subcommittee Members

Councilmember Melanie Bagby, Chair
Mayor Gus Wolter, Vice Chair

City Manager David Kelley
Police Chief Jason Ferguson
Finance Director Susie Holmes

1. **Call to Order: Chair Bagby** called the meeting to order at 3:00 p.m. and referred to the COVID-19 protocol regarding the meeting and how comments are to be submitted as set forth on the agenda. The public would have a chance to participate in the discussions by email through the City Clerk or participation through Zoom. Present: Chair Bagby, City Manager Kelley, Vice Chair Wolter, Police Chief Ferguson, Finance Director Holmes and Assistant City Manager/CDC Thompson. It was also mentioned that there were viewers attending the meeting on Zoom.
2. **Communications:** Correspondence from Dennis Revell regarding the moratorium on fireworks was received, after the agenda was published. The committee discussed this under Item 5(d). (The correspondence was included as part of the record and is on file in the City Clerk's Office.)
3. **Public Comment:** None.
4. **Minutes Approved:** April 7, 2020 Regular Meeting Minutes
5. **Current Items for Discussion:**
 - a. Deferral of Excise Tax and Transient Occupancy Tax (TOT) Fees City Manager Kelley indicated that this item concerned the fee items for cannabis and TOT, estimated to be at 4.5% for cannabis and 10% for TOT. The City had received a request by hotel operator Patel to waive the fees for the Super 8 and Wine Country Estates. Discussion ensued. Staff asked for direction to consider a deferral program to help with cash flow during the COVID-19 crisis.

Similarly, a request was received to defer payment of cannabis excise taxes. The subcommittee earlier had considered reviewing the fees. Assistant City Manager/CDC Thompson is researching ways to modify the fees and excise tax to address some of the payment concerns raised. One possible option would be to modify the tax rates for the different types of operations. Cannabis tax is a significant revenue source that is critical for funding public safety operations.

It was decided to discuss each topic separately.

TOT. Discussion ensued. There was no opposition to the waiver, although the sentiment is that it is not fair to those who do collect and submit their TOT fairly to waive it for others. The subcommittee requested that accounting reporting continue to be submitted and suggested that Council consider supporting a deferred payment plan. City Manager Kelley clarified that a resolution would be needed to implement, or the operators would have to pay the TOT they collect on a quarterly basis.

Chair Bagby opened the public comment period. There were no speakers.

Recommendation: Agendize the discussion to Council and recommend that deferred fees are payable in the current fiscal year in the current budget. Continue to require accounting and reporting in the current fiscal year to avoid pushing into the next fiscal year.

EXCISE TAX: Discussion ensued, and similarly, there was consensus that the deferred fees be due and payable in the current fiscal year. It was generally agreed that it is a good idea to look at restructuring the fees.

Chair Bagby opened the public comment period. Patrick King commented that the current fees could put someone out of business when penalized.

Recommendation: Staff will agendize the item for Council and recommend looking at the fee structure, late payments, and add a requirement that accounting reports be filed so the information is on file. The discussion will include how long deferral should be allowed, and check what the current resolution indicates. A greater burden may be placed if reporting is required monthly. With this being a brand-new industry for City tax collection, it may be necessary to make adjustments in the future.

- b. Recommendations for City Hosted Events: City Manager Kelley indicated that in light of COVID-19 events hosted at city facilities are affected. It is projected the shelter in place rules and the governor's mandates will significantly impact events for most of the summer. Friday Night Live has been cancelled until July and may have to be cancelled further. Concern was expressed about liability and the importance of adhering to the health department recommendations, and that it may be better to err on the side of caution.

Chair Bagby opened the public comment period. Mark Therrington, coordinator for Friday Night Live, said that he is anticipating that he may have to cancel July and August, but does not want to proceed until he is informed by the health department. He will monitor the situation month-by-month. He also suggested extending the events into the Fall.

Discussion ensued. The City will continue to follow the social distancing advisements directed by the County through each Phase, and relay the information to the Chamber, event coordinators, and the public. The City will continue to comply with the public health recommendations, although at some point Council could make a policy about the number of people allowed at events.

Recommendation: No recommendation to Council at this time. Continue to monitor the situation closely, keep as a standing item and continue to follow the directions from Sonoma County. If something changes an emergency meeting can be called.

- c. Display of Cloverdale High School Class of 2020 City Manager Kelley noted the public concern about the impact of the shelter in place order and its effect on graduating seniors. The community wants to recognize the graduates by posting banners and requested a waiver of signage requirements. Community sentiment is to recognize, post banners, and consider waiving signage requirements. Temporary banners are allowed in the zoning ordinance for 30 days and can be extended. The City could partner with the school and if Council supports, banners can be put up in a prominent place, such as the plaza to recognize the class of 2020. Consensus was expressed to allow the banners to recognize the Class of 2020.

Recommendation: Coordinate placement of banners at the plaza recognize the Class of 2020.

- d. Moratorium on Fireworks Sales City Manager Kelley reported that the urgency ordinance could be adopted in the current fiscal year due to wildfire concern, social distancing requirements due to COVID-19, and resulting in the closure of City hall and non-essential services. City Manager Kelley also mentioned there has been less than average rainfall, weed abatement and dry conditions are already an issue, and the City can also anticipate more Power Safety Power Shutdowns (PSPS) for high wind events.

Discussion ensued that it would be difficult to observe the social distancing rules and there was 100% support from the subcommittee to prohibit firework sales and discharge within the city limits this year. Mayor Wolter was notified that there would be no public display at the high school this year. Chief Ferguson concurred that fireworks are not an essential business and it is in the best interest of the City to prohibit them, as the current priority is public safety. Chair Bagby noted that the workers from the California Department of Corrections and Rehabilitation have not been available for fire prevention work this year, and impact of fireworks on public safety should not be ignored. City Manager Kelley added that the shelter in place rules were only recently modified to allow landscaping maintenance, and the City needs to ask property owners to abate weeds for fire prevention. Temporary park staff were furloughed due to COVID-19.

Chair Bagby opened the public comment period. Dennis Revell opposed the moratorium and said there has never been a problem with safe and sane fireworks in town. Vice Chair Wolter responded that it is a different situation this year due to the lack of weed abatement and social gathering issues.

Recommendation: Agendize moratorium recommendation for Council.

Chair Bagby moved item 5(f) to next. Expense Reporting Software Staff has expressed a need for a better accounting software to be used by Council and certain staff. It is a fee-based software. Discussion ensued that if not cost prohibitive and saves time, to go ahead and purchase it. City Manager Kelley indicated that it would assist council and senior staff to comply with AB1234 which provides clear guidance for reimbursement for travel and expenses and is easily trackable. It can help with public records act compliance. The various benefits were discussed.

Recommendation: Assure that the software will integrate with accounting and save time. Check for other possible software options.

- e. Financial Planning City Manager Kelley reviewed information from businesses that provide information about how to develop the 2020-21 budget in relation to the uncertainty of the COVID19 impacts. Financial issues were identified. The Sonoma County Economic Development Board reports the economic status and evaluates impacts from COVID19. A decline in the economy is predicted, after which a longtime upward improvement is anticipated. While a great recession is not predicted, there will be significant unemployment. Once the pandemic is over, we remain optimistic the economy will begin to rebound. However, the longer the emergency goes, the higher the impact may result in structural changes to businesses. Assistant City Manager/CDC Thompson conferred with the 25 top sales tax providers in town, and reported that while some are down considerably, some are busier than usual.

Projections indicate that retail sales tax will be impacted. New permit and fees are important sources for the City, and many homeowners want to do home improvement while at home.

Some taxes are paid quarterly, they may not show up for a few months. The stock market could impact pension liability and create a long-term impact on unfunded liability.

It was noted that Cloverdale is a commuter city, and with the shelter in place order, more shopping is

being done locally. Mayor Wolter added that the Wayfair decision recognizes that taxes from online sales should come back to the community where the sale was generated. This would benefit the City.

HDL Company, which provides sales tax data for municipalities, forecasts by sector and identifies impact. They look at the different phases and then analyze the overall impact for the next fiscal year. The staff report beginning at page 48 shows the projected impacts: higher unemployment and less sales tax revenue. There are no policies in place for this type of event – a vaccine could be 12 months out – and the unknown length and financial impacts are unprecedented. Page 58 refers to recommended actions, which include preservation of reserves. The priority is to identify the priority services and focus there. Certain staff such as landscape part time maintenance, can be funded with sales tax measures.

Discussion ensued about possible diminished capacity for fire prevention. The State is working on addressing how fire evacuations should occur during the stay at home order, which could impact reserves. A multi-faceted evacuation plan is needed for Cloverdale.

Discussion and concurrence ensued that the 1% increase in sales tax on the November ballot needs to pass if Cloverdale is to be a sustainable community. It will preserve reserves, maintain services and keep city employees. City Manager Kelley noted that staff needs to work quickly to inform the community and place the item on the ballot. The utility tax renewal also needs to be done. Staff should move forward with the survey to inform Council on how to approach the ballot measure at the next meeting (noted on Page 63). The impacts and an action plan need to be clearly identified and the vulnerable situation shared with the community as to why the tax measure is so important. Additionally, other issues or projects funded by the general fund may need to be tabled.

Finance Director Holmes summarized the proposed budget, which will be impacted by loss of revenue due to the COVID-19 pandemic. Discretionary items are not included, and the projections show a decline in revenue year by year due to increases in costs for health care, staffing, and liability, to balance the budget the City may need to use reserves. Staff will explore those areas where general fund monies can be saved and use Measure M funds for playground repairs. Solution strategies and information sharing exercises will be done. Ways to make the City more efficient will also be considered, such as online permit and fee collection.

Chair Bagby opened the public comment period. Ms. Laufer stated that staff is doing an amazing effort. She will support tax initiatives and help to inform people why they are needed. We are fortunate that Cloverdale will be less impacted than the big cities.

- g. Proposal by Management Partners I to assist the City of Cloverdale with a COVID-19 Emergency Fiscal Diagnostic Tool City Manager Kelley reviewed the forecast tool, said it was a good proposal and will cost \$25,000.00, and can be funded under the current budget. There was general support.
- h. Discuss initial steps for reopening and recovery after the COVID-19 Emergency
 - 1. Shelter in Place Order - timing, phasing, health benchmarks, physical distancing requirements, and potential threats and (discussed as one)
 - 2. Opening and recovery – Local events; tourism/hospitality, retail opportunities, Public Works/infrastructure investments, Chamber & business support programs, Planning & Building processes; housing; resiliency/sustainability, tax/fee deferrals, and potential opportunities City Manager Kelley indicated that the Governor is looking at transitioning to Phase 2 and it will be critical to work with local businesses to insure protocol for safe openings. Consideration will need to be given on how to reopen City Hall in a manner that protects both staff and the public. Outdoor dining and street closures may be critical for restaurants to recover, such as road closures that allow

restaurants to expand into streets. Adaptations will be needed, and it will not be business as usual. Chair Bagby asked that this topic be put on the Planning and Sustainability Subcommittee Agenda. This is a time-sensitive matter.

Chair Bagby opened the public comment period. Neena Hanchett, Chamber of Commerce supported the idea and said it is being done in Europe. She asked if it would be one-time or ongoing. Guidelines would be needed for sidewalk frontage. City Manager Kelley reported that the Economic Development Board will establish a task force and list mitigation measures and marketing techniques that promote residents and businesses in coordination with the shelter in place regulations. This will be addressed relative to the state's plans to move forward. It is important to maintain control of social distancing and meet the health order to find what works in a safe way. Chief Ferguson asked for specific requirements. There were no other comments.

Recommendation: Bring back a temporary ordinance to subcommittee.

6. Standing Items / Items Continued:

- a. Update on Sonoma County Homeless Emergency Response – City Manager Kelley indicated there were no new developments and the issue is on hold due to the current emergency.
- b. Update on Measure P and Cannabis Permits City Manager Kelley indicated that the report was included in the packet with the latest data.
- c. Update on Analysis of water leak data for the City of Cloverdale City Manager Kelley noted there is no new information.
- d. Update on Pension Liability legislation, financing tool and other No new information.
- e. Update on development of draft Ordinance to address downtown vacancies City Manager Kelley noted that this item went to Council. It is not a high priority and they will look at it again.
- f. Assembly Bill 5 – Worker Status: Employees and Independent Contractors This item is to be deleted from future agenda, and there is no new information.

7. Information Only Memos: None

8. Future Agenda Items (subject to change):

- a. Discuss options for funding street improvements and paving Keep on agenda, move to standing items.

9. Pending Items: None

10. Good of the Order:

Mayor Wolter told the Chief about a report of loitering at the Cherry Creek water tanks. Chief responded that he will notify patrol.

Staff and Mayor to discuss loan program for merchants with the Exchange Bank.

It was noted that the high school will pay for senior pictures and yard displays for graduating seniors to be placed at Keiser Park.

- 11. Adjournment:** Chair Bagby adjourned the meeting at 6:30 p.m. to the next meeting on Tuesday, June 2, 2020 at 4:00 pm. or alternate date as requested at Cloverdale City Hall, 124 N. Cloverdale Blvd., Cloverdale CA 95425.