

City Council

Mayor Neysa Hinton
Vice Mayor Diana Rich
Sandra Maurer
Jill McLewis
Stephen Zollman



Agenda Item Number: 1

City Manager

Larry McLaughlin

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Assistant City Manager/City Clerk, MMC

Mary Gourley

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City of Sebastopol

CITY COUNCIL MINUTES

MINUTES FOR Regular City Council Meeting of October 3, 2023

As Approved by the City Council at their regular meeting of October 17, 2023

Please note that minutes of meetings are not meant to be verbatim minutes and are meant to be the City's record of a summary of actions that took place at the meeting. The vote/action is the required information of the meeting actions that took place. Approved minutes are available on the City Council Meetings page. <https://www.ci.sebastopol.ca.us/Meeting-Event.aspx>

Meeting was held in Person and Virtual /Remote Participation
Zoom Link used for providing public comment/Live Stream is utilized for viewing only of Meeting

The public is advised that pursuant to Government Code section 54957.5 all writings submitted to the City and City Council are public records and will be made available for review.

6:00 pm City Council Regular Meeting

Call to Order: Mayor Hinton called the Regular Meeting to Order at 6:05 p.m.

Roll Call:

- Present: Mayor Neysa Hinton
- Vice Mayor Diana Gardner Rich
- Councilmember Sandra Maurer
- Councilmember Jill McLewis
- Councilmember Stephen Zollman
- Absent: None
- Staff: City Manager/City Attorney Larry McLaughlin
- Assistant City Manager/City Clerk Mary Gourley
- City Engineer Mario Landeros/Toni Bertolero (GHD)
- Administrative Services Director Ana Kwong
- Police Captain Jim Hickey
- Public Works Superintendent Dante Del Prete

STATEMENTS OF ABSTENTION BY COUNCIL MEMBERS (Use of On Line Attendance/zoom/): None

SALUTE TO THE FLAG: Mayor Hinton led the salute to the flag.

PROCLAMATIONS/PRESENTATIONS:

Proclamation: YWCA Sonoma County to request a proclamation date of October 3, 2023, October as Domestic Violence Awareness Month.

Years of Service Certificate - Andrew Bauer – 10 years (Police Department)

Reference Order Number: 2023-211

STATEMENTS OF CONFLICTS OF INTEREST: Conflicts of interest may arise in situations where a public official deliberating towards a decision, has an actual or potential financial interest in the matter before the Council. In accordance with state law, an actual conflict of interest is one that would be to the private financial benefit of a public official, a relative or a business with which the Councilmember is associated. A potential conflict of interest is one that could be to the private financial benefit of a Councilmember, a relative or a business

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with which the Councilmember is associated. A Councilmember must publicly announce potential and actual conflicts of interest, and, in the case of actual conflict of interest, must refrain from Participating in debate on the issue or from voting on the issue and must remove themselves from the dais.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA (FIRST COMMENT PERIOD):

Up to Twenty (20) Minute Time Limit (Two Minutes for up to ten speakers). Additional public comment will be held at the end of the discussion and action items for up to an additional twenty (20) minutes. Mayor has discretion to allow for additional time beyond the 20 minutes allocated for public comment dependent upon the subject matter or number of speakers.

Process for calling on Speakers: Mayor or designee shall ask for public comment as follows: Speakers to be called on in an alternate manner (One speaker in person to be called on first; then one speaker remote to be called on second with additional speakers to be called on in the same manner) based upon the time limit.

Kate commented as follows: Last week the citizens heard about the underfunding of the fire department and tonight we will hear about two other vital services. We need revenues. Discussed sales tax and impacts on people on fixed and low incomes. Sebastopol needs an increase in TOT sales tax volume. It needs more foot traffic and customers for local businesses. When are we getting a hotel. When are we getting more market rate and moderate income family housing. We need more units of moderate and market rate housing for our teachers, firefighters, retail employees, and small business owners. We need hotels to bring in tourist to our businesses. Land development is economic development and hotel and a car dealership have different economic impacts for a City. 60 units of moderate and market rate family housing have radically different outcomes than 60 units of permanent supportive housing for people making less than \$12,000 a year. Sebastopol has a very limited amount of land to develop to financially support basic City services like fire, water, public safety, public spaces. If the land is developed without looking at economic impact the town will fall into debt and disrepair. Are there any plans to redevelop redwood marketplace with family housing? Are there any viable hotel plans? Piazza hotel is financing its fourth hotel. We lost the Sebastopol Inn. This Council needs to work on any plans for economic development by working with developers within City limits.

Oliver commented as follows: Kate said some of the things I was going to say to some extent. I just feel the Council going forward should be laser focused on economic development and redeveloping the local economy. I know it is a fairly obvious thing to say but it is vitally important and we need to really focus on that rather than scratching around looking for finding ways to tax the citizens of the City even more than they already are because with the higher the sales tax and everything else, the less likely people are to come here as tourists and more likely to go shopping for example in other local cities. So we are starting a bit of a precedent here. I feel very strongly about economic development is absolutely paramount in the coming months. I would really like to see some sort of strategic planning around that from the Council when the time is right. I appreciate you having a full plate at the moment but it is really important. I just feel that as a continued expectation that we cannot somehow squeeze more tax revenue out of people in the City. Some people can't even afford it. We have a lot of people on fixed incomes. We heard from people last week with young families who don't need to be paying any more taxes and later on this evening we will be talking about the water rates and then the garbage and everything else. Everything is going up because of inflation, sadly. So again, economic development is everything and I think we can do everything to facilitate getting more revenue into the City to help us all.

Linda commented as follows: We cannot continue to ignore the developmental parts of the technology. This is addressed to the Mayor and Vice Mayor. Your refusal to acknowledge the environmental consequences of exposure based on magnetic field frequency radiation posing an existential threat to us all. The leadership of the City Council makes mistake after mistake following a pattern each of whom have played a critical role in environmental and health degradation. As I mentioned before a small group of us had one meeting with the purpose of removing Kenyon Webster who was committing ongoing fraud. Hotter evidence was brought to City Council members and City Manager. I would like to know what you did with that evidence. A single vote by

former Mayor Patrick Slayter, current Mayor Neysa Hinton and Vice Mayor Rich alters the course we are on. Instead what they did is go ahead and squander \$2.2 million totally ignoring the health consequences. Now this money could well have been and should have been gone to our fire department and essential services to support things that we really need instead of making sick.

Michael commented as follows: This is totally off subject but it is really important because of the state of our country at this point in time. I want to reach you from George Washington's farewell address where he warns us that what is happening right now with our country is the worst possible thing that could happen and it is amazing when I read it to you will see how it is happening exactly. What he warns about. He's talking about the party passions. The passions of one party with another. And that it is our truly our worst enemy. I will just read directly what he wrote. I have already intimated to you the danger of the parties in the state. With particular reference to the founding of them on geographical discriminations. Let me know take a more comprehensive view and warn you in the most solemn manner against the effects of the spirit of party generally. This spirit, unfortunately, is unseparable from our nature. Having its roots in the strongest passions of the human mind. It exists under different shapes and all governments, more or less stifled, controlled or repressed. But in those of the popular form, it is seen in its greatest ranking is and is truly their worst enemy. The alternate domination of one faction over another sheltered by the spirit of revenge natural two-party dissension which in different ages and countries has perpetrated the wars cord and remedies. This leads that link to a more formal and permanent despotism incline the minds of mentees the security and repose in the absolute power of an individual. And sooner or later the chief of some prevailing faction. More able or fortunate that his competitors turns his disposition to the purposes of his own elevation on the ruins of public liberty.

CONSENT CALENDAR: The consent agenda consists of items that are routine in nature and do not require additional discussion by the City Council or have been reviewed by the City Council previously. These items may be approved by one motion without discussion unless a member of the City Council requests that the item be taken off the consent calendar. The Mayor will read the consent calendar items; ask if a Councilmember wishes to remove one or more items from the consent calendar; and then open public comment to the members of the public in attendance. At this time, a member of the public may speak for up to three minutes on the entire consent calendar and request at that time that an agenda item or items be removed for discussion. If an item or items are removed from the consent calendar, the item shall be placed at the end of the regular agenda items unless otherwise determined by the Mayor or Mayor Pro Tern. Councilmembers may comment on Consent Calendar items or ask for minor clarifications without the need for pulling the item for separate consideration. Items requiring deliberation should be pulled for separate consideration and shall be placed at the end of the regular agenda items unless otherwise determined by the Mayor or Mayor Pro Tem.

Mayor Hinton read the consent calendar.
Mayor Hinton asked if any Councilmember wanted to remove a consent calendar item.
Councilmember's Request(s): Councilmember Zollman requested Item Number 6 be removed.
Public Comment(s):

MOTION:
Councilmember Zollman moved and Councilmember McLewis seconded the motion to approve Consent Calendar Items 1, 2, 3, 4, 5, and 7.
Item 6 was removed.

Mayor Hinton called for a roll call vote. City staff conducted a roll call vote.
VOTE:

Ayes:	Councilmembers Maurer, McLewis, Zollman, Vice Mayor Rich and Mayor Hinton
Noes:	None
Absent:	None
Abstain:	None

CONSENT CALENDAR:

1. Approval of City Council Meeting Minutes for Meeting of September 5, 2023 (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes for Meeting of September 5, 2023

Minute Order Number: 2023-212

2. Approval of City Council Meeting Minutes for Meeting of September 19, 2023 (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes for Meeting of September 19, 2023

Minute Order Number: 2023-213

3. Approval of City Council Closed Session Meeting Minutes of September 25, 2023 (Responsible Department: City Administration)

City Council Action: Approved City Council Closed Session Meeting Minutes of September 25, 2023

Minute Order Number: 2023-214

4. Adoption of the Ordinance Amending Sections 13.06.030 and 13.06.060 of Chapter 13.06, Water Shortage Contingency Plan, of the Sebastopol Municipal Code (Responsible Department: Public Works/Engineering)

City Council Action: Approved Adoption of the Ordinance Amending Sections 13.06.030 and 13.06.060 of Chapter 13.06, Water Shortage Contingency Plan, of the Sebastopol Municipal Code

Minute Order Number: 2023-215

Ordinance Number: 1149

5. Approval of Standard Maintenance and Monitoring Agreement Storm Water (Woodmark) (Responsible Department: Engineering/City Engineer)

City Council Action: Approved Standard Maintenance and Monitoring Agreement Storm Water (Woodmark)

Minute Order Number: 2023-216

- ~~6. Receipt of Annual Report of Governing Body Specific Equipment As Required by City Municipal Code. (Responsible Department: Police)~~

7. Approval of Reclassification of Police Technician to Police Community Services and Evidence Technician and Approval of Salary Rates and Ranges (Responsible Department: Police/HR Consultant)

City Council Action: Approved Reclassification of Police Technician to Police Community Services and Evidence Technician and Approval of Salary Rates and Ranges

Minute Order Number: 2023-218

Resolution Number: 6554-2023

INFORMATIONAL ITEMS/PRESENTATIONS: NONE

PUBLIC HEARING(s): NONE

REGULAR CALENDAR AGENDA ITEMS (DISCUSSION AND/OR ACTION) / STUDY SESSION:

8. Presentation and Discussion of Water and Sewer Financial Plan Scenarios and Receive Feedback (Responsible Department: Administrative Services)

Administrative Services Director Kwong presented the agenda item and introduced Raftelis (consultant) who made a presentation to the Council.

Vice Mayor Rich commented as follows: When you stated that both the prior rate studies were inadequately set can you further elaborate.

Director Kwong commented as follows: The rate that was set was not able to meet the ongoing demand that we had according to the analysis of what I can tell so far. I know that there are increases of roughly 2% every single year but the income, the revenue and expenses exceeded what was being projected.

Vice Mayor Rich commented as follows: With this current study we are going to have more confidence in the numbers?

Director Kwong commented as follows: We are trying to right the ship if you will. That was one of the options. Trying to make the City whole. There were a lot of things that happened in 2020 that started obviously as you can tell there was Covid that came into play as well as water conservation measures. In those rate studies that were developed in 2019 we would not anticipate those anomalies to happen.

Councilmember McLewis commented as follows: I recall a conversation we had a few months ago that another reason was because capital improvement projects were not actually included in the last study. Is that not correct? You said that at one of our meetings when I asked previously you said the capital improvement numbers were not actually included in that study.

Director Kwong commented that not all CIP was provided to the consultant at that time.

Councilmember McLewis commented as follows: You want us to make a decision tonight on this item.

Director Kwong commented as follows: We would like the Council to provide the consultant and staff direction on the scenarios that would be presented tonight.

Councilmember McLewis commented as follows: We are providing direction on which area to move into when you would bring that back?

Director Kwong commented as follows: Yes. Once we have that information and have the option, staff will return with a full study and an analysis of what an average household lives on based on this scenario would look like as far as increase.

City Manager/Attorney McLaughlin commented as follows: I was here for the 2012 rate increase study that was a time when the City had no rate increases for a number of years and had to then sustain dramatic rate increases to catch up. So, it was quite a large amount in increases but in hindsight was insufficient even then. With respect to a rate study in 2019 that one in hindsight was inadequate basically would be my observation. Because we moved into Covid, and we had a lot of difficulties correcting the water that we supplied, and we were in a drought situation and our residents were encouraged and did step up. They did conserve their water dramatically, but that was not anticipated at the time that that rate study was done by the consultant.

Councilmember McLewis commented as follows: Can you clarify what was asked which was in 2019 did we not include capital improvement projects?

City Manager/Attorney McLaughlin commented as follows: I don't know the answers to why they weren't included but they were not.

Mayor Hinton commented as follows: I sat on the Council during that and voted on it, so I am surprised frankly and shocked. Is that verified?

City Manager/Attorney McLaughlin commented as follows: We included some but not all.

Mayor Hinton commented as follows: I will say that but I will be interested in seeing how much and how much short we were so we can see the makeup.

Vice Mayor Rich commented as follows: It surprised me when I saw this. Can you help us understand why there could be year-to-year but at a higher increase and over the long term it settles down.

The consultant commented as follows: We are recognizing there are some potential increases are adjustments and utilities but over the longer term we would expect that so settle down on average.

Vice Mayor Rich commented as follows: My next question has to do with capital expenses. You have a 4% escalator each year given what we have heard about our CIP situation I just want to make sure that that is sufficient to cover the projected capital needs.

The consultant commented as follows: This is the inflation assumption on the capital that has been projected through the projection period. So those were uninflated dollars, so we are taking the CIP that was provided by staff and inflating those values based on inflation factors.

Mayor Hinton commented as follows: That brings me to a question. I'm surprised we are going this many years out with benefits of 10% every single year. Benefits arise but that seems pretty extreme. I'm just shocked at that. Are our benefits for our staff rising at a 10% percentage each and every year?

Director Kwong commented they have been going up double digits. The benefits including medical, dental, vision, pensions, I've seen double digits going up each year.

Mayor Hinton stated she would like to see the increases from the last five years.

Councilmember Zollman commented as follows: Along those lines in here somewhere it said that for water we need a new staff person. For sewage we need a new staff person. Does that include another person or not?

Director Kwong commented that it includes a new staff member.

Councilmember Zollman commented as follows: Why do we need a whole new staff person for water in a whole new staff person for sewer?

Director Kwong commented that it is based on the staffing study.

The consultant commented as follows: Discussed G&A allocation definition.

Vice Mayor Rich commented as follows: My question has to do with the allocation. Can you for our purposes please let us know what the G&A allocation is so that the public is aware of that definition and also explained to us how that G&A allocation is determined for purposes of assignment to these enterprises.

Director Kwong commented as follows: The general and admin allocation is from all the City departments. There was City Council, City Manager, Attorney, Finance, Planning and how those were determined was based on the 2001 and 2002 cost allocation study.

Vice Mayor Rich commented that was a cost allocation study in 2002? 21 years ago.

Director Kwong commented that is correct.

Vice Mayor Rich commented as follows: So, in the budget document for these enterprise funds would that be based on that G&A allocation?

Director Kwong stated that is correct.

Vice Mayor Rich commented as follows: Is it a concept there a certain portion of all the department efforts go toward maintenance of water and sewer.

Director Kwong stated yes.

Vice Mayor Rich questioned if the study was in 2001.

Director Kwong stated that is correct.

Councilmember Zollman commented as follows: Speaking of the 2001 cost allocation obviously that is old and during the budget process we allocated money this coming fiscal year. Can you let us know when that study will be completed.

Director Kwong commented she is working on that right now.

Councilmember McLewis commented as follows: Just looking at the expenses I'm wondering I don't know if this is a right time to assess but in general what does it actually cost us to pump the water from the place to the house? Just delivering the water. Do you have any ideas? Just a general cost because I'm just curious what it cost to that versus all these expenditures that we have. The mechanical process of delivering water.

City Manager/Attorney McLaughlin commented as follows: Staff with specialties are dedicated towards the water operations. So that is what they are trained for, and that cost is directly attributed to providing the water. As far as the equipment that is used it needs repair or replacement, I think you need to do a separate study just to say it's part of what we are talking about. The allocations that is to allocate those.

Councilmember McLewis commented I was just reading some of the reports and people talk about that. I didn't see that with ours, so I was just asking.

Vice Mayor Rich commented as follows: The cost allocation study you indicated that it is being looked at now. When would you expect any report on the response? When is the earliest we could see that?

Director Kwong commented as follows: We just completed the data request from the consultant. For the cost of Citywide and I don't have a schedule for that right now, but I would anticipate in 2024.

Vice Mayor Rich commented on the first or second quarter 2024.

Director Kwong commented on the first quarter.

Vice Mayor Rich commented as follows: This highlights one of my concerns. What is the data behind this CIP slide and the other slide? My concern specifically regarding the CIP piece is I don't see any list of CIP projects or prioritization. There seems to be a lack of detail here.

City Manager/Attorney McLaughlin commented as follows: Toni Bertolero will be giving a rundown on the CIP projects that I mention they are the ones that are forecasted and reviewed by the Council during the budget process in June.

Councilmember McLewis commented as follows: So, the list you are talking about is something we already have in the budget or is this going to be something different we probably should have seen had of time?

City Manager/Attorney McLaughlin commented as follows: No, the authority is already in the budget. Arguably it could have been in the staff of or whatever to characterize it where it is. It was approved by you in the budget process.

Councilmember McLewis commented as follows: Is this different than what is in the budget?

City Manager/Attorney McLaughlin commented I do not think so.

Vice Mayor Rich commented as follows: I am looking at the projected, water fund. The projected deficit for 23-24 which is a year that we find ourselves in now. What does that number represent? Is that our fund will be in a deficit for the water fund. I'm asking because that is not consistent with what I am seeing. What I saw in the water for this fiscal year was a net deficit of \$1,453,765. So, you may not have the answer to that question but there is a disconnect for me between what I am seeing in the budget report that is posted. I put that out because our water fund based on the budget document looks to be projected to be really, really, really in deficit by the end of this school year.

Director Kwong commented I am not sure where that was coming from.

Councilmember Maurer commented as follows: I would like to better understand the revenue adjustments and debt coverage. Can you explain this for me please? Why do we have a debt that starts in FY 27? Because we have debt right now. So why is that not showing for this year?

The consultant commented as follows: Your current debt does not have a coverage requirement. So that is why you want any you aren't in any issue. Is just for future debt.

Councilmember Maurer commented as follows: Can you explain what that coverage is?

The consultant commented as follows: It is that your net revenue typically needs to be 1.25 times your annual debt service.

Mayor Hinton commented as follows: That is what you are proposing for the future, but we don't have it in place right now. Your proposal is proposing we start that in that fiscal year of 26-27?

The consultant stated yes.

Vice Mayor Rich commented as follows: I would like to make sure that the public and other City Council members are aware of from the budget posted on our website for 2023-2024 and I'm looking for the water fund, page 192 of that document and water would be page 354.

Director Kwong commented as follows: Discussed the \$967,000 you are looking at the water fund that was adopted. The water has a deficit of \$1.4 million. We anticipate not collecting revenue to meet ongoing capital and operating needs called for.

Vice Mayor Rich commented as follows: Our total deficit is \$1.4 million.

Director Kwong stated yes.

Vice Mayor Rich commented that we need an additional \$1 million.

Director Kwong commented as follows: Stated yes because the reserve level is calling for \$967,000. We don't have \$967,000. We have a deficit budget and that is why that graph the way it is showing is the reserve balance that we are in the negative.

Vice Mayor Rich asked for end of year deficits.

Director Kwong commented as follows: \$1.4 million for water fund deficit and \$1.8 million for sewer fund deficit.

Councilmember Maurer commented as follows: You have three scenarios here. In all scenarios they include additional staff. I am looking to see if there could be a scenario created where there are no additional staff so we can see what is required. If there were no increases for the capital improvements and no staff, how does that change the financials please?

The consultant commented water and sewer call for one staff person for each fund or total of two staff. The additional staff is not a large part of the O&M. So given the state of where the funds are, I would not expect it to make a significant difference.

Councilmember Maurer commented there are two new personnel in total and your opinion is that will not make a difference in what the increase required is.

The consultant stated he could not give a definitive answer to that.

Councilmember McLewis commented as follows: I'm wondering looking at these increases are these unprecedented? Stated she looked at a lot of different recommendations and I never see numbers like this.

The consultant commented as follows: Unfortunately, we are seeing these with things that Ana mentioned earlier. The droughts impacting asking people to curtail usage. Et cetera. There have been several that are up in this close to 100% or in that range for revenue adjustments. The one I recently worked on, they were in a similar position and had to make a big adjustment to get back in shape.

Councilmember McLewis commented as follows: Are you able to give us an example so that we can take a look at that and just understand.

The consultant commented Lincoln is a recent example.

Vice Mayor Rich commented as follows: I did have a question but any expenses that we might be considering that would affect the rate are not minor from my perspective. So, I would like to know what the element is in these numbers in each of these scenarios. How much money is represented by a staff member in water and in sewer. I would like to know that number more breakdown and some numbers right on it that's available right now.

Councilmember McLewis commented as follows: I agree. I was just going to ask about the number of options we have in the numbers that were chosen. It just seems like we should have more options basically to present to us and to the residence because this is unprecedented.

Councilmember Maurer commented as follows: I want to ask you about the figure. The first figure, the reserve balance. It is showing on the right-hand side the increases and as I understand what you said we cannot make money on water and sewer. But it looks like those reserve balances are in a \$3 million and that looks like profit.

The consultant commented as follows: You are seeing the impact of that revenue adjustment to get your fund balance a little closer to zero. There are different ways to do that. I don't know if we can borrow from the general fund and then have a repayment schedule. Your water master plan is coming up in a year or two and that may identify capital improvement projects that have been identified that would be used and keep in mind we are only looking to set rate through fiscal year 2028 so only halfway through this graph so you would do another rate study that would see where you were and how things are at that time and place and adjust accordingly.

Vice Mayor Rich commented as follows: I think the focus of Councilmember Maurer's question might be the line that shows, is our target line with a substantial amount of it looks like accumulated revenue that is above that line and I'm not sure that the question has been answered.

The consultant commented as follows: To bring that down you would have to make the 60% revenue adjustment last. And if you do that you will still be negative and more years a negative decrease. And say we are adjusting the revenues to get over this initial hurdle and once we kind of get to we've got to a good place in this is the minimum. This isn't a maximum. This is like your minimum reserve target. Keep that in mind but the accounts also have the opportunity that you could at each stage stop and evaluate and say we don't need another revenue adjustment. Or maybe you do another study sooner than five years and maybe you decrease the rates. There are a lot of options out there.

Vice Mayor Rich commented as follows: Can you help me understand what we would be funding capital improvement projects with this option. Option one, two, three and if we aren't doing all the capital improvement projects is our infrastructure strong enough to withstand that time that we are doing. I think that we really do have an understanding of what will be taking care of in these options, and I don't see any of them, can you help me understand?

Toni Bertolero, GHD, commented as follows: For scenario number one, I did want to mention that for all three scenarios that includes the CIP budget that was adopted by Council recently for the five-year plan. So, it does include all of that. This first scenario, however, only includes it for just the existing project that was underway because obviously it is under contract and almost completed. That was actually started back in April, and it has been under construction and is nearly complete. That is why you see this 91% completion. That is for Parquet Street project. For this scenario one they are only seeing other CIP projects as included in the five-year study but is not part of scenario one. In other words, this scenario says we are going to do no more capital projects except for the one that is currently under construction. So that is scenario number one which is pretty drastic.

The consultant commented as follows: Discussed this is looking at all the CIP that is in the budget plus the replacement that is planned to be funded through's revolving fund loans and you see the reserve balance back to zero would require a revenue adjustment of hundred and 25% starting in March of this fiscal year. They're only three months or so left in the fiscal year. You wouldn't have any other adjustments because the impact of that you see through this chart so you would be above the minimum target balance by fiscal year 26 and then it grows but, on the back, and you see that those reserves that you have was started to get drawn on again. As you continue doing the capital improvements in this plan currently.

Toni Bertolero commented as follows: Option two includes all of the capital projects from 23-24 to 27-28 that is in the adopted budget. It was the one that was recently approved excluding the new well because that was not included in the CIP because at the time, we did the CIP budget we did not have information on that well as to what it would cost. We knew it was going to have to be debt funded and would have to be financed because it is not something that you could pay as you go similar to the other CIP projects that the City has done. So there is roughly about, if you look at the adopted budget, there is \$3.1 million in water capital projects and if you average out over five years that is roughly \$600,000 per year so that was a slide that Theresa had earlier that showed a CIP of roughly \$600,000 per year for the first five years. After that it went to \$1.4 million and the reason for the \$1.4 million was then it averaged out the CIP including that well.

Vice Mayor Rich commented as follows: Is there a way to get what that \$3.4 million equal from the CIP budget that we already approved any earlier budget?

The consultant commented on the \$3.4 million, that number is not in the budget because only the black part is in the budget.

Public Works Superintendent Del Prete commented as follows: The well discussed is Well Number 4. We are currently in agreement with chasing down a contaminant. Part of that contamination agreement is to replace the will so it has cost the City but potentially we would receive some reimbursement funding from the potential contributor to that contamination. We are also looking at any possible grant opportunities to offset the funding for that well's replacement.

City Manager/Attorney McLaughlin commented as follows: That is a matter that is before the water quality control board staff. We have outside legal counsel that has been handling that for the City and it is an agreement we have drafted and are still working toward recovery of all the expenses for use of well number four to mitigate the contamination from the old well. That is a reimbursement agreement that has been developed to reimburse the City. Still to be discussed with them is the replacement of well four because of the use of well four to eliminate the contaminants will accelerate its demise theoretically. So, we are attempting to collect that from the responsible parties that are a chain of ownership of the former dry cleaners.

Mayor Hinton commented as follows: The obvious question is why we are putting it in the study if we are going to be fully reimbursed through this agreement and then call on my colleagues.

City Manager/Attorney McLaughlin commented as follows: We did agree with them that we would try and fund it from the state water fund. Funds that were available at the time first so that is in negotiations was my understanding.

Councilmember Zollman commented as follows: When did this all happen because I don't remember this being brought up during the budget discussions.

City Manager/City Attorney McLaughlin commented as follows: it was not a budget item because there is no definitive expense being projected to be paid from the budget. So we were in negotiations at the time and the responsible parties split the bill for all the expenses related to well 4 whose filter system is being used under the water quality control board to filter out the contaminants from the dry cleaner site which has been a liability issue for this 80 since probably 1989.

Councilmember Maurer commented is well number four still in use?

Superintendent Del Prete commented yes.

Councilmember Maurer asked at what capacity? 100%?

Superintendent Del Prete commented yes.

Vice Mayor Rich commented as follows: Looking at these graphs where I understand we are in a serious deficit. I added up and it was like \$3.2 million if you look at projected deficits for water and sewer combined. However, I am uncomfortable with the accumulated, extra money over the course of these multiple years my question is whether there is a way to propose a solution that would allow the rates to be set sufficiently to bring us up to that target line, target balance. But then adjust down if we aren't in need of all of that which looks like millions of dollars of extra money. I am uncomfortable about that for residents. My question is how these studies get set up. You have to do a set amount that is projected to be every single year or is there an opportunity that would cost us an arm and a leg as a City without any money to adjust down as necessary?

The consultant commented as follows: The question about this intense ramp of rates because as it was pointed out we are in a significant cash deficit in that first scenario was to really hammer home the fact that to claw out of that deficit is not about capital it is really about operating even after reinvestment you would be looking at some significant increase in year one as you saw. And then plan for rates to decrease in future years so then you can program a presumed reduction of rates in years two, three, four, five if appropriate. You can go forward with say a plan like this on scenario one that would have a large increase in year one and then nothing beyond your one and know that what you know as a customer as a maximum and distressed nearly reduce the rates of financially prudent. We need a bridge loan from the general fund. You are a City, you have a general fund that may or may not have the ability or the willingness to loan to enterprises, and you would bridge the gap in cash for the next one year, two years, three years, for us to be able to smooth the rate increases over the next five years so my rather than this very steep your one increase and then slam on the brakes cash from the general fund would allow you to smooth those increases over time and repay the general fund.

Councilmember Maurer commented as follows: On the slide, it says every adjustment of 50%, but then in your next page, it says scenario CIP phase in would be 75%, so which one is it? Because the numbers aren't the same. For scenario three. It looks to me from your documentation that scenario three is a 75% increase for water.

The consultant commented 75%, 6%, and then 5% a year.

Councilmember Maurer commented on the previous page, it's that it is a 50, 12, 10. So, which one is it?

The consultant commented that they didn't get updated, I apologize.

Councilmember Maurer commented which one is the error then?

The consultant commented on the numbers in the table, this table shown that you saw out are an error, but the graphs are correct. And then the revenue adjustment would be 75%, followed by six, and then 5% and 91% CIP completion rate.

Councilmember Maurer commented as follows: Discussed the rate adjustment of 50% and questioned the following years.

The consultant commented as follows: it should be 75%; then 5% the next year; and 5% continuing.

Councilmember McLewis commented as follows: With the capital improvement it says on the next slide where it showed 125%, is that basically addressing the capital improvement project you mentioned earlier up to 2028.

Toni Bertolero commented as follows: Yes, I think those percentages are based on just numbers, not actual projects.

Councilmember McLewis questioned what does that mean then.

Toni Bertolero commented as follows: This means we would be limited to only doing the cash amount of whatever 125% is: so for example, know, if 125% is worth throwing out a number, \$800,000, then for that fiscal year, we are limited to capital projects that will total no more than \$800,000. It may be because of the way projects come out; it may only be \$600,000 worth of projects.

Councilmember McLewis commented as follows: When we are looking at the previous utilities, it just occurred to me, but we are talking about utilities, what are we talking about in costs, since we are solar. What utilities are we talking about with all these costs? Does anyone know that?

The consultant stated it is gas and electric.

Councilmember Maurer questioned who is the subregional contract services.

Director Kwong commented that it is the City of Santa Rosa subregional for the sewer system.

Vice Mayor Rich commented as follows: You say for wastewater, we need four months of expenses in reserve? Was it six months for water or was it also four months?

The consultant stated four months.

Councilmember Maurer commented as follows: I just want to make sure I am understanding this right here. In the year 2032 to 33, it looks like there is about \$14 million had been in reserves, is that correct?

The consultant commented yes, as I said, this is telling you to make that big adjustment, just to get to within half a million on your balance, we are projecting that you would actually have enough to actually do your CIP.

Vice Mayor Rich commented as follows: To do our CIP, I thought target you include in these revenue needs was the assumption.

The consultant commented that this is the O&M only.

Vice Mayor Rich commented as follows: But the O&M only, you are saying what actually accumulates sufficient money ultimately, this extra amount that we see in green above the black line, which would in fact allow us to do our CIP projects, is that what I heard you say?

The consultant stated yes.

Vice Mayor Rich commented that seems contrary to the point of O&M only.

The consultant commented as follows: The intent of the O&M only is to say, what does our rate increase need to be to get us, if not positive, get us back close to zero on a cash basis? So, if we were simply trying to crawl out of the cash hole, you need 125% rate adjustment or rate revenue increase in year one. And when you do that, you over generate revenues. So that implies you either have the cash with that rate increase to execute your capital projects or you would be in a position where you would be reducing rates in future years. So, simply to illustrate what you need to get yourself out of the negative cash position.

Vice Mayor Rich commented as follows: But then we would be back to the option that you described before, which is the potential for the City Council on a discretionary basis, reducing rates, if it chose to.

The consultant stated that is correct.

Councilmember Maurer commented as follows: What is the difference between the O&M and the number one at the number three? Because they are both requesting rate adjustments of 125% in the same year.

The consultant commented that what it is saying is that you need at least that large adjustment to get your revenues to within negative half a million. So, regardless of what you do, you need at least that much of an adjustment. To not be any further negative. Absent either running along a negative balance for several more years or a general fund loan in the intervening years, what we are trying to demonstrate as we have no good options. All options are similar in magnitude in the first year. They then over generate revenues in subsequent years. So, what we could do is we could come back to you and program some reductions in rates. It is something I have seen only a few times in my years of ratemaking where we actually have a five-year plan that might have increases in some years and decreases in future years. We are trying to avoid big increases and decreases generally, but this is a situation where if we want the enterprises to stand on their own and get back to a zero or positive position, we need a rather large increase in the first year, and then we will be looking at decreasing rates, at least after a year or two. In years three, four, and five. And years six and 10, those are planning purposes. We always want to see if there is something on the horizon that we want to plan for. That is just for planning purposes. But what we would come back to you with something similar for the first year, then decreases to kind of show you where you would land at your five, based on the operating costs, the capital program, and the cash position.

Councilmember Zollman commented as follows: I still don't get it. Out of all these scenarios, you are saying we need 125% increase in the very first year, and then our citizens will get some sort of decrease from there. So, you are saying there is no other jurisdiction anywhere that has ever tried to tiered up so that it would not be the shock of 125% in the first year, is that what you are saying?

The consultant commented as follows: I have only seen it where we have some sort of cash infusion outside of the enterprise funds. So, that is a transfer, it is a loan, that's really all that comes to mind. I have seen a special tax through general funds for future capital, but that doesn't help the existing cash position. So, no.

Councilmember Maurer commented as follows: Are you seeing rate increases like this in other cities that you are doing reports for?

The consultant commented as follows: Yes, of similar magnitudes. The City of St. Helena and Napa just experienced a 50%-year one increase on their wastewater rates, which were already high. A 30% increase, which was already very high. Theresa has worked with the City and Sacramento County and Lincoln that just had to bite the bullet on an 85% increase, and in essence, the wastewater bill doubled. Then the City of Calistoga, I was on that Council meeting early in the evening and they authorize rate increases and were looking at a 50% increase on their water utility and a 35% increase on their wastewater. So, not 100%, certainly not that, but some magnitudes that I have not seen. I don't want to say it is an illusion, but it is 125% in year one to get out of the negative cash position, but then what we would be looking at is a decrease in rates over the long term. So, you know, everybody else we've worked with the increases are believed to maybe they go back to five or six or 7%, but we are not decreasing rates. So, this looks like a position where you go up 125% and then you have to come down 30% or 40% or whatever it might be.

Mayor Hinton commented as follows: Why are we collecting money and then giving it back? I mean, it is like a bank account, right? We are increasing and then decreasing. Why can't we just increase to what we need?

The consultant commented as follows: There is a timing issue. So, we need to either be comfortable having a negative cash position for the utility enterprises, which presumes that somebody else is going to involuntarily pay the bills until rate revenues are sufficiently generating revenues to get out of the negative position, or as I mentioned, we have some external infusion of funds to get back to a zero balance. Or there is some extraordinary reduction in operating costs. If that is even a possibility. You know, some cost or costs that are budgeted in the current year and the coming year that we forgo. And it has to be significant.

Councilmember McLewis commented as follows: I am just curious about all the staffing costs that we have experiencing in ours, do you find that to be on par or is it considered high or low, based on your experience? We have City Council, City Manager, City Attorney, when you look at all of those, where did we fall? Based on your experience as far as fees for the water and wastewater utilities.

The consultant commented as follows: I think you are talking about cost allocation. Those are always fairly unique. And depends on the services that each City provides. And I will say that we have not done a deep dive into what the cost allocation plan looks like and what percentage of public works goes to water and wastewater versus other City services.

Councilmember McLewis commented as follows: I just meant overall, the overall number. You know, is that on par or is that where it lies, so you are not sure then?

The consultant commented as follows: I am not sure right now; I would be happy to get back to you if we can get an answer for you.

Vice Mayor Rich commented as follows: My question is about your assumptions. You have been saying that in each of these scenarios, if I heard you right, that the goal is, in the near term, to make sure that we are within, I think you said \$ 500,000 of our goal. Is that what I am hearing?

The consultant commented as follows: No more than \$500,000 negative in fiscal year 2024 was the sort of guideline that staff provided us.

Vice Mayor Rich commented as follows: So, the \$500,000 in negative, are you assuming within your numbers, in terms of your goal, a 33% reserve, is it expenses plus the reserve that we don't want to be less than \$500,000 from that goal?

The consultant commented as follows: No, those are different. The target is what you would like to have in the bank account for cash loan purposes, for future capital, to mitigate risks in emergencies. The \$500,000 is a constraint that we were given on saint how comfortable are we being negative in the current fiscal year? From our cash position. So, there is the cash position itself that is relative to the goal or the target.

Vice Mayor Rich commented as follows: Is the goal of the expenditures plus the reserve?

The consultant commented as follows: The goal or the target is a function of the expenditures. So, when we look at the operating costs in the current fiscal year, we want to achieve 33% of that operating cost as cash reserves. And we want to look at what do we spend on emergencies in the recent past, and that is how we arrived at a dollar value.

Vice Mayor Rich commented as follows: It sounds like embedded within the goal is in fact a reserve amount. I understand that it is a factor because it is 33% of the expenditures for the year, I understand the math, but it includes not enough money coming in to cover the money going out, it is that plus the reserves.

The consultant commented as follows: It's that plus the reserves, yes. You can think of it as operating, plus cash funded capital, plus any reserve funding.

Vice Mayor Rich commented as follows: The reason I asked the question is the reserves are a large portion. Is it a 33% reserve that is the goal here?

The consultant commented as follows: It is 33% of your operating costs, but if you look at the line, the reserve itself is trying to say over the long-term, we want to have somewhere between \$1.8 and \$2 million in cash on hand. Right now, we are very negative.

Councilmember Maurer commented as follows: My question is based on a conversation I had with finance director and the City Manager today, which was we did a review of the water expenses and revenue, what was projected, and then the actual expenses and revenue. So, there were significant losses. I could just take one year, which was 2021. In the water, there was \$500,000 in losses. And 2022, there was \$1.2 million in losses. So, my question is, so, how did these losses get covered? Were they covered by reserves and enterprise fund or were they covered by the general fund?

Director Kwong commented as follows: They are covered by reserve, that's why you see the cash is reducing drastically.

Councilmember Maurer commented they were covered by enterprise fund reserves.

Director Kwong stated yes.

Councilmember Maurer commented that I counted out probably \$4.9 million in losses in the last five years.

Director Kwong commented there are some updated numbers since this but it is still based on the projected revenue, and then what actually was collected and what is projected for expenses and what was actually spent, it

is still over what is being projected, so we still have a loss, regardless of whether the number being updated, it is still a loss, and it's been covered by the reserve all these years.

Councilmember Maurer commented is there anything in enterprise reserve currently or is it in a negative balance.

Director Kwong commented she would need to get back to that question.

Councilmember Maurer commented as follows: I have one more clarification. On page two, the staff report talks about the study process, and it says the revenue losses of approximately \$600,000 in water and \$1.2 million in sewer create the need to build backwater reserve balances, et cetera. And it was talking about the last four years. So, I am a little confused based on our conversation today, so I added up all the losses, it was like \$4.9 million, but here it is saying it is basically \$1.8 million in losses, so could you explain or clarify?

Director Kwong commented as follows: At the time of providing that staff report and the analysis of the water fund, taking the four years for the 2019 rate study, what was projected and what was collected, it came out to be \$600,000 in those four years.

Councilmember Maurer commented as follows: It is just a little confusing, because today, I was told that it was \$1.2 million in losses for the water just for 2022 alone. \$500K loss for 2021 and \$200K loss for 2020. And that is just the water. So, on the sewer end, there was \$1 million, \$400,000, and \$200,000 losses from 2021, and 2022 and that was just a lot more than what was reported in the staff report.

Director Kwong stated I will have to look at that number again.

Councilmember McLewis commented as follows: I am going to play the new card here and ask the question. Has anyone in any City, developed any type of water district. I am just wondering, taking it out of the hands of the City staff managing it. I have been reading about different water districts and how they manage those. I was just curious, is that something is City has ever done anywhere that you are aware of.

City Manager/Attorney McLaughlin commented as follows: I have not heard that personally, so I don't have the information.

The consultant commented as follows: I will say that the City of Big Bear has the department of water and power carved out as kind of a unique authority under the umbrella of the City, but the employees, the management, and the policymaking is from a separate entity, and the board of commissioners. And then similarly, there are some cities around the state that don't relieve themselves of the utilities, but they lead the policymaking to water commission. And the water commission normally calls for professional ratepayers and appointed members. I am sure the answer is yes that it has happened over the course of the last 30, 50, 70 years, but I don't have any experience with a City that has relieved itself of its enterprises or carved out a special district. I think maybe the exception there was litigation in 2014, and the City's water service was effectively sold or annexed by the neighboring water district. So, that may be one example.

City Manager/Attorney McLaughlin commented as follows: The experience I have read with water districts and their problems is if you take away the fact that our City is currently in our regular budget, in a deficit situation, and you go back a few years where that was not the case, most water districts would be jealous of the fact that we have a City budget and the general fund backing up the operations of a vital public operation like water and sewer. That is the problem I have heard from water districts, who instead of linking the fact that they are in a water district, which they would be able to join a City and become part of a City water service, for the reason I

just indicated. It is not a good example this year, I would be the first to say, because we don't have a date surplus of some sort, in the general fund, backing up the water operations, but most of the time, we have had the situation where there was no safeguard.

Vice Mayor Rich commented as follows: I have a question about this reserve amount I see in our current budget; we have a 25% reserve policy. I am hearing a proposal for 33% reserve and recognizing that there is a substantial dollar amount difference between those two numbers. So, I looked at our projected deficit where projected expenses for our sewer fund for this year, and it looks to be \$4,876,260, so call it \$4.9. Million in expenses. 25% of that would be \$1.2 million, 33% would be \$1.6 million, so, what is the magic made of 33% and how much room do we have to reduce that reserve and still be safe?

The consultant commented as follows: It's all about your risk preference and your risk tolerance. So, setting reserves as a function of your operating environment, your future capital environment, your emergency situations that you may have experienced in the past, there can be other factors. Drought was involved as well. But ultimately, it is about your risk seeking or your risk aversion. So, the difference between 25% and 33%, what we are really saying is should we have three months of operating costs on hand for four months? And the working theory is that since you bill your customers bimonthly, from cash flow standpoint, it is nice to have two times that amount on hand, because you incur costs, serve your customers, you only build them after 60 days, then you have to collect payment. And so, the idea is to have four months on hand, rather than three. Now, is there any magic to that? No. It just mitigates risks slightly better than three months.

Vice Mayor Rich commented as follows: In the hypothetical that I just laid out if the 33% reserve was \$1.6M, to make sure that that reserve, just assume that for the moment, \$1.6M is the reserve, 33%, your goal would be to get us within \$500,000 of that number?

The consultant commented as follows: No, in the first year, we are not trying to achieve the reserve policy, we are trying to get close to zero. Because we are negative, what we are trying to hit is a minimum negative balance. We are not trying to get even close to the target in year one.

Vice Mayor Rich commented as follows: So, in year one, you are just trying to make sure we have enough revenue to cover our expenses for that year.

The consultant commented as follows: To cover your expenses for that year and to relieve the cash deficit, so that at the end of the year, we are within \$500,000 of the zero line. Not our reserve policy.

Councilmember McLewis commented as follows: I would like to see what the priorities are in our capital improvement. I understand it was during budget season, but I think it is important to read that

Councilmember Maurer commented as follows: I would like a clarification on this, this last slide, the one before it, the percent of planned CIP completed, because it says in scenario one the O&M only, you are asking for 125% rate increase, but it says there will be zero, 0% of the CIP completed, but that doesn't account for something like \$16 million in reserves that you generated. Can you clarify that, please?

The consultant commented as follows: In that O&M only scenario, we are presuming that the 96% of budgeted CIP for fiscal year '24 that is already in progress is completed and that remaining 4% is not started. And then to get the fund balance to be about negative half a million, you would still need an overall revenue adjustment of 125% just to try to make your balance less negative.

Councilmember Maurer commented as follows: I guess you said in 27, 28, it looks like there is going to be \$4 million in reserves. That is not accounted for in terms of CIP.

The consultant commented as follows: Because we are just saying, what do things look like if we are only trying to meet O&M expenses. And there is such a big increase in that first year that it generates more than what you need to cover your annual operating expenses and to meet your minimum reserve targets, et cetera. So, that says you have the ability to do CIP's. So, you would do that O&M only scenario. So, then we look to the right the ship scenario and say, okay, let's put all the CIP in there and get the fund balance back into the positive, what does that revenue adjustment look like? And then the third one says, okay, what if we backed off. Basically, the third one is scenario one with CIP in it.

Mayor Hinton called for a break at 8:11 pm and reconvened the meeting at 8:20 pm.

Mayor Hinton opened for public comment.

Kyle commented as follows: Discussed the cost basis ratios for particular departments, for City Council, City Manager, City Attorney, Assistant City Manager, Finance, Planning, Engineering, and stated it is really surprising that as we explore rate hikes, revenue generation, we once again are not looking at ways to reduce costs, that regularly we are seeing which is really unfortunate, because I even was very, very impressed with the way that our budget subcommittee took to the general budget and their goals, and then to have the 11th hour hires, that just annihilated the reductions that group had made was just really unfortunate. I really think that our City has to be looking at that cost basis, needs to have justification and a real serious conversation about how this cost basis is calculated and presented. I think that that's not part of the public knowledge. I really, really can't help but mention a wonderful, wonderful musical called Urinetown that is a really really nice parallel to what it is that we are discussing here tonight, so I encourage everybody to do some time and research Urinetown. It sounds like a really nice way to capture this moment.

Oliver commented as follows: It is really hard to put this jigsaw together in my mind, because if you look at the budget, we were discussing a few months ago, then you look at all of this information today, it's just extremely hard to make sense of it all. It's also very alarming. There are a bunch of options here. What have other places done to get back on track in this situation? So, clearly, in the last 10 years, we have drifted way off, we are way behind on capital improvements. What have other places done? This must have happened in other cities where people have dropped the ball and screwed up. Just some thoughts, we are sitting on a very valuable aquifer. Maybe we would start to think about forming our own water district, we could then have more control over our water supplies and start thinking about selling it to other areas in the county if that were possible. There are all sorts of things we could think about here, but I don't think it is viable to suddenly jack up the prices and a horrendous recession with really bad inflation, to suddenly tell local citizens who are struggling to make ends meet, you are going to have a 125% rate increase out of the blue, it is just not viable. I think politically, it would be very unpopular as well. So, I think it is way too early to make any decisions on this at this point, and it really is going through and reconciling the budget. This whole idea of the general slush fund with money being borrowed to shore up other parts of the Council has to end. There has to be discrete funds to this thing and it needs to be much better managed.

Michael commented as follows: A question first is I would like to see a comparison to how much our residents water per day usage is compared to how much it is filled up right across the street at public works and shipped out of the county through the tanker trucks. Because if it is similar to about 50-50, there is half of our solution right there. We just increase the amount that we charge for the tankers that are filling up to ship out of the county. So, that would be the water increase. So, that would defer it off the cost of our residents. Second thing is

this kind of rate increase, think about what that is going to do to rent in the City. The apartment buildings in town and the renters, which is included in the cost of rent, so those rents are going to go up, they are already skyrocketing. The breweries, think of how much water they use. We have a small business that is like a bathhouse, that is going to be untenable for them. The breweries might just close up and move out and move to property in the county that is on a well. I mean, overall, that needs to be taken into consideration. And then what we should be spending money on consulting is how we can raise our sales tax, increase our sales tax revenue without increasing the sales tax. With the traffic going into Santa Rosa right now, we have a perfect opportunity. Put pressure on these landlords. I think that there was the idea of doing a vacancy tax. There are other ways to raise revenue, and we have a lot of other ways to increase the general revenue.

Kate commented as follows: My question is what is the oversight of this process and is there any? If not, there should be. The way this has been handled is completely unprofessional. The fact that in two separate rate studies, the amount was insufficient, and in 2019, capital improvements were not even fully incorporated into the rates speaks of total incompetence. Who is responsible for these mistakes, where is the oversight, and even within tonight's presentations, there were mistakes in numbers, and several times, the numbers do not even add up. We have no clear data on what capital improvements need to be done, how much they cost, and what their priorities are. Scenario number one is completely out of the question, because obviously, we need to make capital improvements to our water and source systems. I also want to know that with other places that sought rate increases of this magnitude, which are staggering, if that was purely a last ditch effort to get these cities out of debt, or if that rate increases were actually going towards capital improvements and facility improvements. How will these rate increases impact our businesses, will it make us less attractive to development of hotels and for new restaurants? We are trying to build our business community, not beat them down, so I am wondering what it will look like for restaurants that need water, places like laundromats that depend on water, and other businesses that are water intensive.

A member of the audience commented as follows: I'm just surprised that something like this would pop up on the horizon seemingly out of nowhere. I do remember that a gentleman sent a letter to the City Council back in late June, anticipating this event, and I have not heard anything related to it discussed by the Council since. And that includes during discussions of our budget, and also our special sales tax, the possibility. I just wondered if it might be possible to have a postmortem I am concerned, the way Kate was, about what went wrong. A lot of people in Sebastopol can't afford that. I think many probably could, but there are many that can't, they are living on a fixed income, and just doubling water rates is phenomenal. So anyway, I just wondered if it might be possible for the Council to actually conduct some sort of postmortem to see what precisely went wrong in the process that resulted in this kind of staggering rate increase, that's all I've got to say.

City Council Discussion, Deliberations, and or Direction:

Councilmember Maurer commented as follows: One comment, and that is that in reviewing the presentation and the staff report, it was quite frustrating that there weren't any details on how you got to these figures. It's kind of like if you have an algebra formula and you just give the answer, but you don't show your work, it is kind of like all the work that went into figuring out these numbers is not available to us. And that was frustrating. I think there should have been the presentation, but where is the study?

Councilmember Zollman commented as follows: I think my based upon emails I have received, and I have had an ongoing question about this allocation thing, is there no way to get any better with the percentage of staff and their time attributed to these different fonts? Is there just no better answer to the public than relying on the 2001 last study that we had? Because honestly, it doesn't make a lot of sense to me, and reading the emails doesn't make a lot of sense to me either. So, that is my first question. And my second question is when I asked about the need to have two more independent people added on, one for water, one for sewer, I was told that would be

different to a later discussion about the staffing assessment report. So, that seems to be an ongoing concern that I have about why we need to have two more staff, because even though the presenters said that that is not really a whole lot of the amount, it is a lot for minimum wage plus benefits, it is a lot. So, those are my questions and comments. When you referred to the percentage, you meant from the last study in 2001 that hasn't been updated.

Mayor Hinton commented as follows: I am curious about a model, whether it would be considered that we may be bill every month. PG&E bills come out every month, and I just did my division on my last five months of my average water bill and I pay about \$230 every two months, that would be one \$115 every month, I am just curious because we have so many efficiencies and we pay online, if that might be a way to kind of help. We are still paying the same, we obviously have to increase, but maybe it would be a way to talk about, that we wait for our money for two months. If we were billing every month, we would get our money in our account faster, so that is one question that I have been and then, I found it interesting that Councilmember Maurer pointed out the error, which was probably a modeling situation, where instead of 75% proposed, it started at 50, and the modeling went from 12 to 10 to 10 to eight instead of what actually was correct in our slide presentation, as confirmed by the consultant, of the 75, six, five, five, five. I have done these, like putting in the numbers, plugging in, trying to get to a certain level, so it appears like the 50% start was discussed, but then the 75% for the CIP phase in, was obviously settled on for this presentation. So, I would like to have that address, why the change and who made the recommendation, because we could look at 50% start CIP phase in.

Vice Mayor Rich commented as follows: I would like to know whether there is an opportunity for separate justifications. In other words, full reports that would explain the rationale for the two staff positions and for the well for replacement. I feel like those are being embedded in here and we haven't had a chance to assess them thoroughly. So, that is one. And then I would also like to know whether we could have a full assessment of a reduced reserve level in order to make this more affordable.

Councilmember McLewis commented as follows: Looking at these levels, not only looking at the reserves and such, but just having some more nuanced options. one that has just been burning for days is how frustrating this is as a resident, a business owner here, and as a Councilmember now, sitting here and looking at all of this, and the first thing I think is how in the heck did we get into this position? And it makes me angry. My rent is fixed in my business and the water is included and I am wearing about how much the rent is going to go up. As a family of three, our water bill runs from \$200 to \$250 per month. And thinking of these increases here, that is insane for a family. We monitor our showers. Our teenager as x amount of time before it gets shut off, so it is not excessive use. So, this makes me angry. We did a study just a few years ago and everybody thought it was great and we were going to be great with these numbers, and now here we are. So, the whole oversight, that's why I asked about a district. Because to me, there wasn't enough oversight, and I just think negligence to be in this position at this point, is a Councilmember sitting here and as a resident, so I just want everybody out there to know that this is not acceptable.

Toni Bertolero commented as follows: We delayed a list of projects for the wastewater projects presented to Council, and also to the public during the budget hearings. What we tried to do is we pushed off a lot of projects onto the outer years, because we didn't actually have an updated master plan, and I think one of the things that we wanted to do is the sewer system master plan. We were hoping to do it this year, but obviously, given the situation with the sewer fund, which got pushed out to '24-'25, and so, these are the only projects that we are looking at. In fact, because of the situation for example that scenario one, where it says Parquet Street sewer line, \$551,000, that is only project that is being implemented for scenario one. Everything else, the rest of the \$2.5 million of CIP, I wouldn't say cancel, but just not shown as part of scenario one.

Mayor Hinton commented as follows: Do we get any matching dollars for these types of projects that all from any outside agencies like we get for transportation?

Toni Bertolero commented no.

Mayor Hinton commented as follows: When we don't get to these things, are they just leaking in the ground?

Toni Bertolero commented yes, that is basically what happens. What happens is you are just waiting for more ruptures of pipelines, so Dante and his group will have to basically shore up a lot of these pipelines and do a little band-aid fix, which is when you can't go and replace them. For water, these are the projects that we have listed, and a lot of these actually do not show as being funded, so you can see for example this pleasant hill road water line project, we show it and hopefully there is a grant out there for it, because it is a very large amount, there was no way to put it into the CIP as a pay-as-you-go system, even though it shows up on the CIP, it was not funded. And so, what we call funded projects is roughly \$3.1 million, and that is in scenario one, the only project that is being proposed is again, that Parquet Street project, because that project is already under construction. Everything else in scenario one would be not done. And so, you can see how these projects each project comes with a price tag, and so, in the financial study slide, it will show things like \$700,000 per year, for example, or \$800,000 a year, that just means that you can't do more than a certain level of project that is greater amount for that year. What we did was average out over the five-year period. You would have to save from one year to the next.

Councilmember Maurer commented as follows: I just wanted to give the Council and public some information. This is potential bills under the worst-case scenarios. So, this was done today by an employee at the City hall. So, I'm looking at our bill for two months is \$227. So, roughly \$114. From one month, it is \$114, and that if there is a 50% increase, it will go to \$186. If there is a 75% increase, it will go to \$199, and that is for one month of water and sewer. If it is 125% increase, that goes to \$256 a month. And if it is for every two months, that is \$511 for every two months. And the starting point was \$227, that's what our bill is now, it would jump to \$511 for every two months. So, that is just some information for you. I also think if those rates went into effect, this was a study done by Cloverdale, I believe it was 2021, about the rates in the county, in Sebastopol right now, at that time of the study, the third most expensive water and sewer rates, so, I redid this chart and if we went up to the average, which would be about right here, we would have the highest rates in the county, which is rather shocking. I am going to agree with comments on how frustrating this is and how shocking. I am surprised that we didn't have very many comments from the public, I think they just don't know yet what is coming, and that is disturbing. I agree with on the 25% reserve target. I think it might be prudent to reassess any rates in one year. So, just take it one year at a time instead of five years. I would like to see the cost allocation studies speeded up, so we can have more realistic allocation numbers, because we have to justify the rate increases, it can't be arbitrary. And that study was based on a study from 2002, and our numbers are different now. So, I would like to develop a new scenario, something different from what you proposed. And I think looking at this, my frustration was with the lack of details. I think just developing a new scenario might be more palatable.

Councilmember Zollman commented as follows: I don't know, given the scenario, a 125% increase is like a minimum, it seems, to do any type of capital improvement, and there are going to be things. Either things that have been planned and approved for the budget committee and then through the Council, or emergencies. But at the same token, it is not doable for any member of the community. So, this is preposterous. But in order to get some money in, has anyone thought about whether we are eligible for any type of loan? Because what I heard from the presenters was while you need a cash influx, for most cities, you just take from the general fund, we can't take it from the general fund. I mean, I would definitely not vote for that. But we have to start looking at other sources, so that this doesn't fall just on the consumers. I have been told by different people that we are

not eligible for bonds, because the only way you take out a bond is if you have the real estate expectation of giving it, but I would like to explore loans.

Mayor Hinton commented as follows: I agree with some of my colleagues. The same scenario Councilmember Maurer was doing, I was doing, and basically \$511 from \$227 is not acceptable. Most people can't take that on. I agree with the new scenario, which would cut back reserves as this consultant has proposed to what we had in the past, who would cut back -- it doesn't appear that we -- what I am hearing is well for, sure, that could go bad, but it sounds like we are going to be made whole, so why we are putting that in and raising that money to the consumer for a possible scenario -- and I do understand that the staffing study recommended new members, but I don't see -- we need so many different staff positions, I don't think we need done in this area, and I feel really uncomfortable trying to include staff members in this crazy funding scenario that is going to raise everybody's rate today for a possibility in the future. And yet, this Council could go on to some sort of plan to review every year. And I know it is a long process, so maybe every two years is more realistic, but I agree with what is being said, we need to figure something else out.

Vice Mayor Rich commented as follows: I would like to understand this idea of discretionary reduction after the first two years, I think that's what we were hearing about, and by that, I mean, what would be the process? What would be the cost to the City of Sebastopol to do that, because this particular study that we are hearing an initial report about was pricey. So, I would like more details about that, because I think that would be a good opportunity. I am interested in knowing whether the lower cost scenario, number one, which had a 60% increase in water at 91% increase in sewer, whether that scenario, given that it produces substantially more after year three, I think, that is needed, what allow the CIP projects to be completed, even though they might be perhaps delayed.

The consultant commented as follows: The O&M for water is 60% and the O&M for wastewater is 125%.

The Council discussed scenarios.

Vice Mayor Rich commented accumulating all of these extra reserves, and our CIP projects be completed even if they had to be delayed?

Toni Bertolero commented as follows: I think the CIP discretionary in a way, you do not have to do CIP, it is not like you have to pay salaries or benefits or anything like that, you choose to do CIP. If the choice is to delay until the funds are available since the City has a pay-as-you-go system and you are not going to borrow money for these types of CIP's because it is too small a dollar amount, yes it could be delayed to help soften the rate increases.

City Manager/Attorney McLaughlin commented as follows: I think we should also ask staff with taking a look at all of the individual CIP projects, specifically what they are, what they address, what happens if we do address in a timely manner, is it maintenance that we can put off, is it discretionary or vital? When the CIP was approved as part of a budget item you did have a presentation but there was not this level of discussion about these particular projects that relate to water or wastewater. I do recommend that you have an analysis done for a subsequent Council meeting about what these individuals really represent. Staff did look into loans; this was several years ago. As options for funding improvements to our water and wastewater systems and we found out with regard to water there were a number of opportunities. It was decided subsequently by Council direction that we would instead find it through the ratepayers. I am looking on my phone at a newspaper article written in 2020 considering the report, which was the water rate study done in 2019. A high confidence level that was reported to the Council at that time was that these figures were solid, and they would keep the water and sewer funds in the

black. The CIP projects were all examined and those that needed to be funded were included in the water study from 2019. Looking at those comments I can only comment, one month later we went into the pandemic, obviously what was forecast at a Council meeting in early 2020 did not materialize in real life with the pandemic and drought restrictions but I will tell you the atmosphere at that time was that a thorough water rate study had been done and all of our accounts per the expert, would stay in the black. I wanted to offer that perspective from our last Council meeting in 2020 before we went into the pandemic, which is what was quoted. Especially if CIP projects can be delayed, if you analyze the projects and there is something that can be delayed and is discretionary, I think we should look into potential other sources for paying for some of these things as the staff did in a previous time period when we did look at loan opportunities. I think the bonding has some issues. We can look into that, but the low loan fund idea was examined.

Councilmember McLewis commented as follows: I appreciate that, logically when I think about using the pandemic and saying that is part of it, people are home all of the time, it seems to me that water usage would have gone up and people would pay higher bills. I do agree we need to get creative and I appreciate mentioning we need to look at all of the capital improvements, I think we need a big picture here, we keep talking about this at meeting after meeting, trash rates, water, sewer, fire and all of these things that need to be funded, if we are going to look at it and try to be creative after we make our decision reevaluating in one year, and during that time we can get all of our ducks in a row and figure out what we need. Then come back and have that creative solution that may solve a lot of albums and not do all of this piecemeal stuff, I think by then we will have a better idea of what is going on with the fire department. I would like to see the allocation study accelerated, however that needs to happen. I think we need relevant data, using data from 20 years ago, really? I understand the challenges, but we need to prioritize that. The other thing is, I want to see the staff removed from that. We are putting this puzzle together and it is hard. Anything that we can tweak right now, we need to. As we have said already, the reserves, those are the things I would like to see, and I think we need the big picture. Whether or not all of that goes into a parcel tax, a bond or whatever that is, I think we need to figure it out together. I found this extremely frustrating, lacking data, trying to imagine how they got to these numbers, I would like to see a better presentation honestly. More detail and more data and something that does not require the amount of gymnastics we had to do to understand it. Just putting that out there for the next time.

Mayor Hinton commented as follows: We are supposed to be giving direction tonight and I do not think if we look through all of the comments over two rounds here, pretty much the Council is saying if I sum it up, we do not like any of those scenarios so we want to come back and go ahead and add on. I'd did agree with a member of the public that said we need to look at our rates for our outside water haulers. I am happy to provide water to people that need it but we need to make sure they are not paying the same as people in our own City that are funding other things as well. We heard a little bit tonight from a member of the public as well about increasing revenues through sales tax. I do remember in 2019, a lot of our businesses, there is a tiered approach. While we are talking tonight about a homeowner and that is an important segment, our businesses, they got really sticker shocked in 2019. I do not recall all of the levels but I do know if we bring residential up that our businesses will be sticker shocked, so that I remember the next part of the phase is looking at the tiers so I know we will have a lot of work to do when we get to the tiers and we are not to that. It sounds like we want to go year to year and we want to look at scenarios that do not include staff, look at scenarios that do not include going all the way to a four-month reserve and scenarios that go to more to 25%.

Vice Mayor Rich commented as follows: There has been a number of questions about potential revenue opportunities, just to share from the budget committee, we do have a draft, a preliminary list of revenue options that presents a number of different scenarios, I think there are 13 to integrate the various tax measures and lists additional options we might pursue, that is in draft form and we will discuss it at the October 11 budget meeting

which is public and we are hopeful we can be in a position to provide a written summary to City Council on October 17. Just to know for the public, we are looking at those specific options.

Mayor Hinton commented as follows: I guess I will ask a question to our City Manager, we just heard there might be something coming forth but we do know the enterprise funds have to take care of themselves. So the rate people pay includes the rate to produce the product. We are asking as a Council for more transparency, what goes into the rate increase being recommended and maybe taking out scenarios that may not happen far into the future. Hey tax measure or some other situation may not impact what we are talking about right now.

City Manager/Attorney McLaughlin commented as follows: Stated that is right except that with a healthy general fund, you have both the backup in emergency situations, you have the ability to make loans to yourself essentially so long as you have a healthy general fund. It answers a lot of questions and provides the ultimate in security for other things you are operating. Just to give history, have we borrowed from the general fund in recent years for the enterprise funds in my recollection day where the healthier accounts.

Mayor Hinton commented as follows: I think we are sending staff some direction to come back.

Vice Mayor Rich commented as follows: I want to make sure that we capture the concept here as we are trying to make it as least burdensome as possible for the public but integrating into what we get back, I think we are hoping to hear in terms of the CIP's, what the plan would be for the various options that are presented to us. How would the CIP projects fit in and be able to be met given the money anticipated.

Mayor Hinton commented that I anticipate the listing that City Manager recommended a detailed CIP and how dire they are and a prioritization.

Vice Mayor Rich commented as follows: I also wanted to ask, is it reasonable for us to anticipate that we can decide these things year to year? I know we have a consultant on, typically it has been done where we hire a consultant, examine water rates, we do not examine again until many years down the road, the last time was 2019, can we set up an expectation where the Council can do a five-year plan but actually examined them for the public hearing process for the next five years.

City Manager/Attorney McLaughlin commented as follows: One thing to justify the cost allocation program, the it the old or new ones, you will have to play the role of board of directors and staff of an enterprise fund and you can examine the rates on a yearly basis but I tell you what, it is a difficult process, it is time consuming and expensive to do all of this analysis which is why cities typically do it several years out. You can do a hybrid of it, what we did in 2012, we had a horrendous rate increase, I do not know why people do not remember that. It was horrendous. To try to catch up. The promise was there would be a year-to-year look at a certain point. After a few years of set rates from 2012, a couple of years later we started looking at it on a yearly basis and reduced rates from what it was set by the rate study. I think you need to go out for several years to be safe. To find CIP projects you will need to do that but you can come back and start reviewing them in year three or something like that and see how you're doing on an ongoing basis.

Councilmember Zollman commented as follows: In that if you can add discussion about the loans, that would be good and give us your analysis whether or not staff would recommend such a thing.

City Manager/Attorney McLaughlin commented as follows: This was several years ago, I am not sure what year staff did this study but it was with different staff so I am not sure if we can come up with that. We did have a person that was knowledgeable in the subject, I cannot remember who, the identified options at that time for

cities in need of water system funding through loans. So I would suggest, one way or another the Council direct staff to look at those anew. If I could figure it out I would. Some of those documents may have gone into the shredder in my office just today.

Mayor Hinton commented as follows: I will say publicly I am not a fan of loans for the public water system. I am willing to look at it but I am not excited about the prospect.

Councilmember Maurer commented as follows: I would like to see a scenario where it is similar to the O&M.; no capital improvement projects and I would like to take out the two staff members for both water and wastewater and I would also like to see, for example, the increases by year five, you are hitting the target +25%. A 25% reserve and not going over that. I would like to see a new scenario for that.

Councilmember McLewis commented as follows: I wanted to say, depending on what we come back with, right now based on tonight it is unprecedented so I think we need to do unprecedented things and there may be processes here that in my mind it does not seem like it costs that much to do an analysis in a year and see where we are at. We will wait and see but unprecedented times means sometimes we have to do unprecedented things. Could the staff help us manage our expectations, a few of us asked about allocation study, what is considered reasonable? Is that in the final somewhere to be done soon?

City Manager/Attorney McLaughlin commented as follows: We will find that and do it in early 24. If I can offer some perspective. When that study was done in 2002 or word ever it was, we have the same staff positions that we do today and the consultant that did it sent questionnaires out and people would indicate how much time they spent at various tasks so you can ascertain how much time was devoted to enterprise versus other daily tasks, there was a factor because if you run an enterprise you have the same overhead we are paying right now to have City staff and have a building and warm the building with PG&E, those things were analyzed in 2002. I do not know where the new study would go but we have the same relative positions in City staffing running the same kind of enterprise funds and it was a pretty thorough analysis.

Councilmember Maurer commented as follows: We have the smart water meters now, as we improve I think we really need to look at it, why did we get water meters if the cost is still the same to do everything? I am hoping when we hear back from staff we can have a clear indication of any rates or increases that are recommended, how they translate in dollar amounts to the bills for our residents because I am certain we can pull up the data that would show minimum and maximum total amounts for water on average and the same for sewer and then totals. I would like to see that that is what our residents are looking for and for me that was the most missing item in this report. That concrete piece of information.

Mayor Hinton commented as follows: Just to add, I agree with the Councilmembers frustration, we invested a lot in the water meters, I know we have some residents that did not opt in and need them read by hand but I have lived in this town forever and a remember when they were came to the house and read my meter, they're not doing it anymore. We have to have some efficiencies by the installation of new technology that saves us time and I want to see that reflected. That is why we made the investment. It is frustrating.

Councilmember Maurer commented as follows: In 2021 the City borrowed about \$5 million for an energy project which included the over \$2 million for water meters and another\$2 1/2 million for projects and that would have been in 2021. That is a big chunk of change for some projects and I would like to know where that money went.

Mayor Hinton commented what was the source of payment for the water meters in 2021.

Director Kwong commented as follows: It would be in the rate we are collecting right now. So we did borrow almost \$5 million for the energy project, I do not know what the portion of it was for the smart meters, maybe around \$2 million, it was paying for the meter to be installed and the debt service is paid for by the enterprise currently based on the current rate we have.

The Council discussed direction to staff: Information on when rates are approved, a year-to-year review, looking at all scenarios, multiple scenarios other than what was visited tonight that does not include two additional staff members, a reserve that does not include all the way to the four-month reserves. A 25 percent reserve and reviewing it. More details and data in the study and presentation than what was provided. A prioritization of the CIP projects and what can and cannot be delayed and the reasons why and what the assessments are of that, a review of other options such as loans or bonds. Seeing the allocation study to be prioritized. A review of monthly billings instead of bimonthly. Understanding the discretionary reductions after two years and what is the process and cost to the City. A target plus a 25% reserve over a five-year period. I just added this, the removal of the well floor from the study since we are not sure about that. The review of the rates by the selling of the water from the water tower. A clear indication of the recommended rate increases for water and sewer and how it translates to dollar amounts on the bills of our residents, the min and max. The installation of the new type of water meters and what projects are being funded with the over two and half million borrowed for the energy projects and estimated bills for different types of customers. A clear indication of the recommended rate increases and how it translates to the dollar amounts for the bills and comparisons to other cities' water and sewer rates.

City Council Action: No action taken.

Minute Order Number: 2023-219

Consent Calendar Item Number 6: Receipt of Annual Report of Governing Body Specific Equipment As Required by City Municipal Code. (Responsible Department: Police)

Councilmember Zollman commented as follows: In an effort to be time efficient on this, I did submit the questions ahead to our captain and chief and found out he is not available. So the police captain was nice enough to respond but I have questions in reference to his responses, my first question is, it is my understanding from the staff report that the use of beanbags was approved during the passage of the original ordinance correct? You said that is true. When I asked about when the use of beanbags was approved, whether the use of beanbags was approved when the initial ordinance was passed you said yes.

Captain Hickey commented as follows: That was for both, we have had these for over 10 years when they were authorized. Just recently with the new legislation, this is what started in 2022. We got it authorized then.

Councilmember Zollman commented as follows: This practice of using beanbags started at least in 2022 here in Sebastopol. Captain Hickey stated yes.

Councilmember Zollman commented as follows: So with the question I submitted to you, when that vote by City Council was taken, where the physical risks and potential City liabilities discussed at that time, taking into consideration lawsuits that have arisen in places like Santa rosa, connected to other protests where citizens eyes were damaged.

Captain Hickey commented as follows: I think that is a question for the City Attorney.

Councilmember Zollman commented as follows: I said I wanted the questions to be addressed by the chief and he is not available so I am looking to who I was directed to by staff and I appreciate a little bit of latitude. I was

asking the institution as a whole the question and the response back was I do not know because I was not here at the time and to me that seems like a and adequate response to asking an institutional question.

City Manager/Attorney McLaughlin commented as follows: I would second with the Councilmember just said, I would ask that question of the police department, they have the archives and policies in place, they would be the ones to answer what was discussed at the time, I do not recall this item to answer your question this evening. I myself would ask for a police department response about that particular policy.

Captain Hickey commented as follows: I do know everything is evaluated, the use of beanbag guns are regulated to the State of California through the police officer standard training board we all adhere to and each of the things you are talking about that have to do with protests, I would hope there was a question asked about that and yes all of those things are taken into consideration with us before using any type of beanbag or any type of nonlethal instrument.

Councilmember Zollman commented as follows: Following up with what the City Attorney said I would like to report back taking into consideration whether those potential legal risks were taken into consideration and if they are still taking into consideration with ongoing use. Not to delay more but referring to the paragraph on page 2, which talks about the use of these beanbags on people who are not harmed and who are dealing with suicidal and mentally disturbed individuals, that is how it is written, my question to that was, in which cities has this policy been used similar to the ones we have been implementing for apparently the past couple of years and I think you did provide examples in a couple of different cities that were nearby correct?

Captain Hickey commented as follows: I gave you Sonoma, Santa Rosa, and Petaluma. I also responded that most of the agencies in California have similar wording in their policies, over 90% of the agencies in California use the Lexipol policy system, it has been vetted through many different areas and legally it is backed by their company and it is recommended by POST.

Councilmember Zollman commented as follows: Of the ones you provided, there are several others that do not use the use of beanbags and use tear gas, correct?

Captain Hickey commented that tear gas is used in different areas, yes.

Councilmember Zollman commented as follows: That was one of the questions I asked you to answer, you provided that you thought it was more efficient to use the beanbags versus the teargas, correct?

Captain Hickey stated yes.

Councilmember Zollman commented as follows: What is your opinion based on? That you feel like it is more efficient to use beanbags then teargas?

Captain Hickey commented as follows: It is all situational based, when you talk about what has been used and what I personally have been involved in in my former agency, it is more of a precise weapon, if you deploy tear gas you cannot control the wind, you can control a lot of things that happen with tear gas which was referenced in the report, dealing with people in crisis, you would want more of a detailed operation rather than possibly affecting more people than the person you are trying to help through the crisis or subdue.

Councilmember Zollman commented is your opinion shared by other local municipalities?

Captain Hickey stated yes.

Councilmember Zollman commented I am assuming those municipalities are the same ones you provided earlier, Sonoma and Santa Rosa?

Captain Hickey commented as well as Petaluma.

Councilmember Zollman commented as follows: The other question was where underside is the training providing for the beanbags? You responded it is not currently posted.

Captain Hickey commented as follows: It is not currently posted these exact trainings but the policies and procedures are listed on the internet, you can access those and we have them there in two different places, the actual projectile session and use of force section of the policies.

Councilmember Zollman commented as follows: I think as far as the website, this is an ongoing question as well. As far as whether citizens can register concerns about such uses of policies such as beanbags, they cannot voice concerns unless it is incident-based currently correct?

Captain Hickey commented as follows: No, if somebody has a concern about what we are doing through the City website, we get sent things weekly. The Assistant City Manager sends those to me and I have responded to those repeatedly over the past few weeks since I have been here so there is a way for the public to get a hold of us and ask us questions, it goes through the City Manager's office. The City Manager maintains that and sends it to us and we respond to it and that can be for anything they have questions about.

Councilmember Zollman commented as follows: My last question is about educations on the use of beanbags and specifically that they should know the difference between blue ones that indicate that type of weapon that use the beanbags versus other colors that can produce lethal consequences. I have a question about why the upcoming educational thing was not done before the Council to the public.

Captain Hickey commented as follows: This is part of the regulation that came down in the legislation, we have to put it on if we are going to have it and we are given the opportunity to maintain this important tool. If we have it is something to put out and we are now confusing people, do they have them or not have them, that is the purpose we saw in the legislation.

Councilmember Maurer commented as follows: The police and the report stated they scheduled a public meeting to be held at 5:00 on October 23 at the used annex to discuss this further for anyone that has comments or questions in this manner.

Councilmember McLewis commented as follows: Have we had complaints from our citizens or concerns addressed.

Captain Hickey commented as follows: Prior to the legislation, we have had it for approximately 10 years and we have not had any complaints about having them since 2022 when this was enacted we have not.

Councilmember McLewis commented as follows: Discussed tear gas. As a respiratory therapist I appreciate the impact it has awesomely people when it is deployed and it causes wheezing and shortness of breath.

Captain Hickey commented as follows: At this point in time we do not have any tear gas, we have not tried to obtain that as of now, the riot situations and everything else and as of right now, no complaints.

Vice Mayor Rich commented as follows: How frequently have you deployed the beanbag tool with people?

Captain Hickey commented as follows: Since the legislation came out we have not deployed it. Prior to that I could not find a report of one time it has been used since we started using it 10 years ago. I will tell you from my personal experience and having these things in the car, they are a valuable tool. I cannot bank your questions on this for the transparency we are trying to commit to for the committee. I appreciate the opportunity to answer these questions and they are all very good questions. No report can cover everything as we saw. The reality is, thank you all for that and this is a needed tool that helps us deal with things and the escalate things.

Mayor Hinton commented as follows: The budget number you are requesting tonight and the staff report of \$750 is used to replace 100 beanbag rents that are depleted during annual training correct?

Captain Hickey commented as follows: Yes, that is figured into our training budget. I should not say only, everything is needed. It has been included and it has been the same similar cost for the past few years.

Mayor Hinton opened for public comment.

A member of the public commented as follows: I have seen this device used as well as other devices, I wanted to know the data associated with physical harm. I would like to see some data, the percentages of physical risk to persons, both acute and chronic, those that lead to permanent disability and the litigation aspect. I wanted to know the cost, I am sorry my computer died so I did not see the cost of what is being voted on this evening.

Oliver commented as follows: I just wanted to make a couple of quick comments. After the long and painful discussion of the water where nothing was really resolved, I found that very embarrassing frankly. I appreciate the police are very well trained in the event that somebody is having a mental crisis, that those devices will be deployed in a correct way and it is pretty insulting to the local police to second guess their training and their usage model. I congratulation the policeman for staying calm.

Kyle commented as follows: I would suggest what we just saw was nothing about nickel and dime the budget request, this was clarification about education and transparency. I hope that Council regularly takes opportunities to provide transparency on budgetary decisions as well as decisions related to the police force, a request such as this pales in comparison to the massive amount of overtime that we as a City pay for our police force to go in combat protesters in the City of Santa Rosa as a mutual aid request which I hope we do not see in the future because as in 2020 we discussed the need for a physical audit on our police department for the things that are happening on a regular basis because those mutual aid request were not presented to the public any meaningful ways of that we know are what our police are doing outside of the district.

Michael commented as follows: I will address this comment towards the Councilmember, I know you seem interested in learning about the ramifications of the use of force, the Santa Rosa junior college public safety training center, that is where the police academy is located, and Jeff Weaver is now the director of operations I believe of training, he was the former police chief in Sebastopol. It is open to the public and there is a course called pc 832 arrest, you as a civilian can enroll, I believe it is a five-day course and you can actually learn when it is board-certified, that is police officer standard training, that is what the all go through, you will learn when use of force can be used, the court cases that govern it, he will get on the mat and two different maneuvers, this is the actual police training so if you are interested you should enroll and get down on the mat and see what these

guys go through. It is really good training, I think Jeff Weaver would welcome you there and you will come away with different information from maybe a different side of it that you can look at. And you will get a certificate saying you are post certified meaning you are trained to the same level that police officers are.

City Council Discussion, Deliberations, or Direction to City Staff:

Mayor Hinton commented as follows: We did have a member of the public that was asking about percentage of physical risk, litigation, the same questions the Councilmember asked, I do not know if we had a clear answer to that tonight, it does not look like it.

Captain Hickey commented as follows: I do not have the actual percentages of that. There has been a fatality using a beanbag type munition, the ones in the paper from the protest, there has not been clear direction if they were the beanbag rounds or the rubber bullets, they are classified about this in the regulations so I do not know where those come from, that is not an excuse and anyway, the fact of the matter is we are not allowed to use these unless we are outside of 20 feet, I do not know what happened during the protest, I would not want to give you false numbers. I do know I have personally been there when people have been affected by these and a cause a wealth but I have never seen a fatal or in the case of the broken eye socket and one of the occupied movement protests, I have never seen that type of injury in the years I have been doing this. Trying to be transparent.

Mayor Hinton commented as follows: Is there a place you are supposed to fire it on the body.

Captain Hickey commented as follows: The head is a forbidden area to aim for and that has been under much dispute as far as what happened in some protests but the reality is, the head, the groin, the spleen, you try to focus on the major muscle groups such as thighs and pectoral area, you try not to shoot at the heart either, that is the deal with these types of launchers, they are more precise than something like teargas that could affect more people.

MOTION:

Hinton moved and Rich seconded the motion to Receive the Annual Report Governing Body Specific Equipment As Required by City Municipal Code.

Mayor Hinton called for a roll call vote. City staff conducted a roll call vote.

VOTE:

Ayes: Councilmembers Maurer, McLewis, Vice Mayor Rich and Mayor Hinton

Noes: Councilmember Zollman

Absent: None

Abstain: None

City Council Action: Approved Receipt of the Annual Report Governing Body Specific Equipment As Required by City Municipal Code.

Minute Order Number: 2023-217

ADDITIONAL PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA: Three minutes per speaker for up to twenty (20) minutes total for public comments but can be reduced at Mayor's discretion depending upon the number of speakers or Mayor has discretion to allow for additional time beyond the 20 minutes allocated for public comment dependent upon the subject matter or number of speakers.

A member of the audience commented as follows: Looking at water saving measures at the City level, to me it is a gesture of good faith on the City's part, it is embarrassing that we had lawns and sprinkler systems during a drought. We could do better.

Kyle commented as follows: Normally it was three minutes, the Mayor is making the claim that we have had it for number of years that is a reduction from what we had for many years. Today we saw an example of outside consultants not producing work that meets the standards of what we expect to make good solid decisions that are data-driven. I will remind you that we spent \$10,000 on a consultant for a horrible telephone survey which was filled with bias which has been excellent fodder for my elementary statistics class, they have been utilizing it as a classic example of response bias from across the board. I hope moving forward in the future, if we want to get a tax measure passed, we do not rush into the use of a consultant that will produce a bias study because that is the reason that tax measure failed, the decision to use that consultant in that capacity in a rushed manner. Please, as you go through the decision-making process, for something as big as a hundreds of dollar increase in a water study, utilize the experts we have in house before we spend a bunch of money on an outside consultant, again I will plead that we have a review of our engineering consultant because we do not want to be in the same position as a result of the grand jury report the came out earlier this year.

Robert commented as follows: I think the direction from the Council was pretty spot on after what I heard, I would like a lot more detail on the capital improvements, their cost and how critical they are is important to the decision-making in terms of what type of rate increases are really necessary. I would also like to see, similar to Council, the removal of the extra staff proposed. That is an appropriate at this time when we are considering 75-175 percent increase in rates. At additionally, I think a different scenario that shoots for a 25% reserve next year or even the year after, perhaps we have two lives with risk and uncertainty for the next five years and that way the increasing rates do not have to be so abrupt. I would also support that in future years beyond those states that the annual increases at least match the average cost of living increases historically so we do not end up in the same place where there is a need for a drastic increase in rates, if we have increases built into the system than this should not happen. I also support that we need a comparison to the rates of other cities, we should not be paying that much more than the cities around us, if that is the case then something is wrong. So that is important information to make this decision.

Lee commented as follows: You guys already discovered it is difficult to articulate these things but it is seeming like there is a scenario that says what are the expected operating expenses going forward for how many years you want to do this, the expected capital improvement project expenses going forward for however you want to do this and then, what rate increases are required to fund that and then separate from that is this question of the ongoing and rapidly increasing deficit spending going on that will have to be paid back. At least you start with a baseline that says what does it cost to deliver water to people, it will make more sense to add on and okay, the cost to that is maybe even a one-time charge to make up for the deficit, it will not be a one-time charge because it will be too big but I think you get the idea. It is easier to understand the cost of delivering water and how much people pay for that and then this deficit, how you pay it back, they are two separate things and maybe that will help.

CITY COUNCIL/CITY STAFF REPORTS/COMMUNICATIONS/ANNOUNCEMENTS/FUTURE MEETINGS:

9. City Manager-Attorney/City Clerk Reports: (This will be either verbal or written reports provided at or prior to the meeting). There were none.

10. City Council Reports/Committee/Sub-Committee Meeting Reports: (Reports by Mayor/City Councilmembers Regarding Various Agency Meetings/Committee Meetings/Sub-Committee Meeting

/Conferences Attended and Possible Direction to its Representatives (If Needed) on Pending issues before such Boards. (This will be either verbal or written reports provided at the meeting)

Councilmember Maurer reported as follows: I organized a meet your neighbor group in our neighborhood on Saturday. Skip Jirrels, the public safety outreach coordinator came in and introduced himself to the group. It was such a good feeling to have this meet your neighbor group, we were already meeting as neighbors to the pandemic but with now we have taking it to a new level and we are organizing and figuring out what other resources we have collectively, the skills we have in the needs of our neighbors. I want to say I really encourage everyone to organize something like this. It was a really good feeling to know that I have that in my own neighborhood and we are building it together. Thank you to the City for the movement for this meet your neighbors' group and to skip and everybody working on that.

Councilmember Zollman reported as follows: On September 27 I attended a budget meeting and I think the Vice Mayor has already referenced what we have been discussing, revenue streams and trying to reduce expenditures and having a staff report for City Council on October 17. That afternoon I attended our LAB meeting and the primary conversation was about surveillance and cameras at our library. Also I got some positive feedback about a potential relocation of our library so it can be part of a service corridor. On September 29 I attended the child care planning Council's orientation for an hour and then on October 2 members of the library ad hoc met with the chair of the planning commission to look at a site that could be a potential relocation for our library.

Vice Mayor Rich reported as follows: As the liaison to meet your neighbor and SCNU, the radio guys, I met with Skip on September 20 and he reported that he was going to be over there in the Councilmember's neighborhood helping to support that neighborhood group. He also talked about an interesting tabletop exercise that the leader group is engaging in. That is just more information about their applied exercises that have facilitated relationships that I think from a grassroots effort will help us if we face another emergency in the near future. I also, as we all did attended the fire ad hoc report out meeting. I participated in a two session workshop, it was a training, trauma informed racial and cultural equity training sponsored by the continuum of care. It was by resume and I always have hesitation about the depth of those but it was really well run and provided some really good tools for all of us on that meeting. It had to do with awareness and specifics, very specific tools so I appreciated that. The budget committee has been mentioned, met this month and I reported out on our plan to bring a summary to the full City Council on October 17. We are talking about it again on October 11 and there is a draft so that is moving toward a final document although it will be preliminary. We also wanted to make aware the full Council here, that our plan is to bring his deaf report to the full Council on October 17 to propose that the Council appoint the budget committee representatives from the Council for the next budget year. Those assignments would generally occur in December of each year but the budget committee is feeling strongly that it would be very helpful as we go into planning for the next budget year to have the new City Council budget committee in place so I wanted to alert those that may be interested that that is likely to be coming. That is on the plan. I also attended the zero waste working group and all I can say is they have written an interesting zero waste hero article about the Burbank housing program that is run by one of the residents and has just done an incredible job in terms of recycling, the weight of the recycling is impressive and that article will be coming out and finally today, the mosquito vector control district met, I am on a committee where they are selecting their new manager. That was today and they are moving forward with that.

Mayor Hinton reported as follows: I gave a talk to the Rotary club on September 22. I attended an SCTA meeting in the early month. They appointed a replacement for retiring Suzanne Smith and we have a meeting plan to learn more about the new hire's plans. We also had a number of fire ad hoc committee meetings leading up to the report out for the fire ad hoc subcommittee so those were back-to-back. That was the week prior to putting our

agenda out for that town hall combined with the City Council meeting. As already posted we have had a closed session we all attended, I believe that was just last night. So anyway, those are the variety of meetings I can recall.

Councilmember McLewis reported as follows: In September I attended Recology ad hoc meetings so we are progressing there and we have a few more meetings coming up in the next few weeks. The fire ad hoc committee had numerous meetings, we are working to get other meetings scheduled now, let's see, I also met with the community cultural center, they have a gala coming up on October 14, and they wanted everybody to be aware of that. That is the fundraiser for them. Also Sebastopol world friends, they actually have the world congress coming up in January so they are working hard on that. I keep up with them. We did the closed session, there have been a lot of meetings and there is a lot coming up so apologies I cannot get anything more out.

Mayor Hinton commented as follows: I wanted to mention the chamber of commerce has a awards coming up on the 11th at the Russian river vineyards. Many of us will be attending that. They also have a ribbon-cutting ceremony on Saturday, we are hoping to get people there. It is on the website. I did also want to mention to a member of the public who talked about water conservation, on our website, we are partnered with a rain which comes out and does water upgrades. Many people know that was initiated and I believe we were a pilot program when Councilmember gurney was a member of SCTA/RCPA, so we do embrace that and our very own Vice Mayor had that service in her home and does a water saving upgrade.

11. Council Communications Received (Information/Meetings/Correspondence Received from the General Public to Councilmembers)

There was none.

12. Future City Meeting Dates/Events (Informational Only): (See City Web Site for Up-to-Date Meeting Dates/Times)

CLOSED SESSION: NONE

ADJOURNMENT OF CITY COUNCIL MEETING

October 3, 2023 Meeting will be adjourned to the City Council Meeting of October 17, 2023 at 6:00 pm.
(In Person and Remote/Zoom Virtual Meeting Format)

Mayor Hinton adjourned the October 3, 2023 City Council meeting at 10:08 pm to the next regular meeting of October 17, 2023.

Respectfully submitted,

Mary C. Gourley
Assistant City Manager/City Clerk