

City Council

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



Agenda Item Number: 3

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 17, 2023

As Approved by the City Council at their regular meeting of November 7, 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 6:08 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
Fire Chief Jack Piccinini
Planning Director Kari Svanstrom
Police Chief Ron Nelson
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: None

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 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.

None

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: Discussed water and sewer rates. As a citizen, I have many questions. Can we see the data on how much water is sold through public works? And how much money it generates? How are people charged who purchase water from the City? Can we see a spreadsheet of water and wastewater infrastructure when vital infrastructure like pumps, pipes and wells were installed. When are they going to be retired or replaced. It must've been inventoried with the list of when crucial parts need to be replaced to allocate money towards replacement and upgrades. Have any of the promised savings been realized. Where are the savings in the budget? How are salaries allocated to be paid by water fees which are imposed by Council versus the general fund which the monies paid via taxes. It seems like Council and or City staff can use the water fund to bury bad mistakes bad accounting and bad financial decisions. Water rates, unlike personal and sales tax do not require a vote. I would like to see transparency around how and why salaries are allocated. And if they are justified. I did not want to pay double for my water due to bad decisions made by others. Is the new City Manager experienced in running a water district? There should be no increase of water rates with either with this without a clear road map for upgrades. Last meeting, we heard about a contaminated well and leaky sewer pipes. I don't want delays in fixing that are critical and crucial water and sewer infrastructure. We need transparency around the funds and money dedicated to infrastructure.

Lisa commented as follows: I want to talk about this idea to change Main Street back to its way one-way street. This is an option that should be considered when and only when we have a bypass so that people have an option instead of having to drive through downtown. I'm lucky to live in town. A short walk from Main Street. What about all the people who do not have a choice and have to drive? Many hundreds of people every day need to drive into town or through town to take the kids to school and get to their jobs. We have a lot more people in cars than we did years ago. People who were adults when Main Street was two-way. I can tell you what traffic gridlock was like back then. They know the side streets were more dangerous for walkers and bikers because people driving avoided Main Street and took the side streets instead. They remember how their often the cars on Main Street. The cars can turn around. They can wait for the pedestrians to cross while the center lane was free to keep moving freely South instead of getting everybody stuck. The intersection of Main Street and bodega used to be very dangerous. Especially for pedestrians when the traffic was moving in both directions. There are some things they can do to make it a nicer place to be with wider sidewalks and inviting places to sit with benches and planters. They can be hard to back into because the left lane is often backed up all the way to the copy center with cars. What if we removed the parking on the left side of the street and widen the sidewalk on both sides of Main Street. The people voted at the ballot box to make M went away. It was the most divisive issue our town ever faced. It won because people knew the two-way street did not work. Let us not squander the City's precious money and staff time going back there.

Linda commented as follows: About this \$5 million fraud including the \$2.2 million scam with the harmful radiation emitting wireless water meters. Discussed this Council and the former Council and commented the Mayor was not aware of that after she voted to approve it. How did it come about? Failure to acknowledge the facilities for their failures and their actions for approving the \$5 million loan without knowing it. Approving the

\$2.2 million for wireless water meters without even knowing it. They were wireless. Only recently at the last City Council meeting that they understand they had taken out a \$5 million home. It was a big scam. The bad boys who got the \$1.25 million out of that. It is allowing the corporations to write the narratives that ends up on the City Council. In control of the verbiage and so on and on the consent calendar for easy approval. This needs to be changed. City Councilmembers need to start taking responsibilities to fix their failures.

Steve commented as follows: I will follow up on what Lisa was talking about on the two-way street. As a frequent walker on South Main Street, I appreciate only having to worry about traffic coming from the direction when I cross the street. When I use the blinking lights as a two-way street, it can be much more dicey proposition. There have been there misses that I've had. Prioritizing funding for two streets has been pushed by a small vocal group. Two-way street expenditures will be starting with a decision and the Council is making it tonight. It doesn't take a traffic consultant to see the problems that would come with the two-way street. There are many options that deserve study, including removing some parking on Main Street. Widening the sidewalk and lowering the speed limit which can bring in some revenue. Two-way streets have to be one of the options examined but should have no higher priority than any of the other options at this point. We should really be letting the process determining the priority that we will go out there. Please remove this item from the consent calendar tonight.

Grace commented as follows: I was looking at the previous meeting minutes. There was a report released by the interim Fire Chief. I even looked on the Facebook page for the fire department. There is a post. But the link on the post does not work. Will they be able to fix the link and what is happening with that report that the interim Fire Chief was wanting to release for the ad hoc community?

Jann commented as follows: Encouraging the City Council to go the grants. This is a sustainable transportation, and planning grant. The grant came through. They are eager to participate in looking at our downtown and how to make it better. This is all about planning. We will not decide if it is two-way tonight. I would encourage everybody to keep open minds. See what the process can yield. The City will choose a project manager and consultant to proceed with essentially what will be a series of town meeting which will involve the public. It is not a debate about what is going on up and down Main Street. It is about assessing and using the best practices and smart transportation concepts. That are available. We need to come up to speed with that.

Jim commented as follows: I did live in Sebastopol with two-way streets. I'm not sure it is a good idea. I would love the option of an experimental week. Put up orange cones, extra safety officers. Put up the signs and say, this is a week of two-way traffic week. You'll have a very clear, but probably chaotic I have a feeling you will get feedback about whether this is with putting it in.

Mayor Hinton responded to public comment as follows: I want to thank Mary for making clear how to make public comment on the zoom format. As many people are aware, we had a variety of issues in the county. With people that have shown pictures that are not appropriate and speech that is not appropriate and things that are not allowed in a public meeting like this and therefore, many governmental bodies, had to stop public comment coming through on zoom. The City has implemented extra security to continue the public comments: Zoom. I want to thank Mary for working that out for us. It's an extra step for some members on the public: on the phone. I apologize for the extra step. But it's necessary with what has been happening throughout the county. There was another question about a report that there has been a link that is no longer active on the website. I and Councilmember McLewis continue to be a part of the fire department ad hoc committee and the report that was posted was not authorized by the full subcommittee. The full subcommittee puts out a things as a joint committee.

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 Tem.

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): There were no requests for removal of any item.

Public Comment(s):

Linda commented as follows: This is another example of the responses not addressing any of the things discussed including mine and everybody else's during public comments. This is not the way to go. When you sit up there as Mayor. I would like to know. The subject matter, item number two of the close session meeting. You know I am so phone free and computer free. I like to have that. This is most sneaking stuff in. On the consent calendar. The approval of the funding agreement. I would like to know how much. How much this was. And accepting the sustainable -- I would like to have, three and four removed

Mayor Hinton commented as follows: To address the member of the public. For consent calendar item two. The subject was a close session agenda item with the title, public employment City manager. We had a meeting from 6:04 p.m. to 8:00 p.m.

MOTION:

Councilmember Zollman moved and Vice Mayor Rich seconded the motion to approve Consent Calendar Items 1, 2, 3, 4, and 5.

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 Special Meeting Minutes (Fire Ad Hoc Report Out/Town Hall Meeting of September 26, 2023 (Responsible Department: City Administration)

City Council Action: Approved City Council Special Meeting Minutes (Fire Ad Hoc Report Out/Town Hall Meeting of September 26, 2023

Minute Order Number:

2. Approval of City Council Special Meeting Minutes – Closed Session Meeting of October 2, 2023 (Responsible Department: City Administration)

City Council Action: Approved City Council Special Meeting Minutes – Closed Session Meeting of October 2, 2023

Minute Order Number:

- 3. Approval of Funding Agreement with the County of Sonoma for the Sunset Ave/Taft St Pedestrian Crossing Enhancements Project (Responsible Department: Engineering/GHD)

City Council Action: Approved Funding Agreement with the County of Sonoma for the Sunset Ave/Taft St Pedestrian Crossing Enhancements Project

Minute Order Number:

- 4. Adoption of Resolution Accepting the Sustainable Transportation Planning Grant and Authorizing a Budget Amendment for the local match (Responsible Department: Planning/City Engineer)

City Council Action: Adopted Resolution Accepting the Sustainable Transportation Planning Grant and Authorizing a Budget Amendment for the local match

Minute Order Number:

Resolution Number:

- 5. Receipt of Upcoming Vacancies on Various Boards and Committees as follows:

Design Review Board (DRB)

Term Ending Dates: December 31, 2023

- a. Lars Langberg Category A
- b. Christine Level Category C
- c. Melissa Hanley Category C

Climate Action Committee (CAC)

Term Ending Dates: December 31, 2023

- d. Kenna Lee Climate Background
- e. Dena Allen Climate Action Group
- f. Liselotte Pierce Climate Action Group
- g. Deborah Burnes Business Owner
- h. Sunali Shanti Rights of Nature
- i. Ambrosia Thomson Zero Waste Representative

Additionally, the CAC has open recruitments for the following:

- j. Youth Representative (ages 17-23)
- k. Environmental Justice position
- l. Business Representative (currently filled by Commissioner Burnes, who would like to serve as the Planning Commission representative)

Planning Commission

Term Ending Dates: December 31, 2023

- m. Evert Fernandez Resident
- n. Seth Hanley Resident

(Responsible Department: Planning/City Administration)

City Council Action: Approved Receipt of Upcoming Vacancies on Various Boards and Committees as follows:

Design Review Board (DRB)

Term Ending Dates: December 31, 2023

- a. Lars Langberg Category A
- b. Christine Level Category C
- c. Melissa Hanley Category C

Climate Action Committee (CAC)

Term Ending Dates: December 31, 2023

- d. Kenna Lee Climate Background
- e. Dena Allen Climate Action Group
- f. Liselotte Pierce Climate Action Group

- g. Deborah Burnes Business Owner
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Planning Commission

Term Ending Dates: December 31, 2023

- m. Evert Fernandez Resident
- n. Seth Hanley Resident

Minute Order Number:

INFORMATIONAL ITEMS/PRESENTATIONS:

- 6. Informational Item/Presentation - SAVS quarterly update as required by Use Permit (Responsible Department: Planning)

Director Svansson presented the agenda item.

Vice Mayor Rich commented as follows: SAVS applied for the County grant funding to operate a safe parking sites. Expecting to receive a response by the end of this month. That is the safety net plan in terms of the remaining RVs. They are on a timeline of planning to be prepared to close by March of next year in preparation for St. Vincent moving into take possession of the affordable housing development of course. All of this is changeable. But this is their plan.

Mayor Hinton opened for questions.

Councilmember Zollman commented as follows: Discussed building and compliance.

Director Svansson commented as follows: Discussed the fire department does periodic inspections of various sites and they did go by the site and corrections needed to be done and they are working with SAVS for compliance.

Councilmember Zollman commented as follows: I did appreciate the more thorough nature of the report at this time. Several of us expressed a fact that we want to see specific data as far as the end goal for this round we hoped for and in what capacity that we hoped. Discussed all the services can be provided at the library. If you can pass that on, that would be good and I would appreciate a more detailed aspect of the report.

Councilmember McLewis commented as follows: I heard staff discuss Russell and I am not aware of that site.

Director Svansson commented as follows: I believe it is called the Russell Ebony side. Russell Avenue sites. It is on the north county administration campus.

Councilmember McLewis commented as follows: Discussed a member of the public's allegations. The gentleman that came here and voiced his concern. I wonder, was that ever resolved.

Chief Nelson commented as follows: I did respond directly to the gentleman raising those concerns and gave him the information and to contact us directly and provide us with any subsequent facts. I have not heard anything back from them.

Vice Mayor Rich commented as follows: They are getting substantial support from St. Vincent DePaul through the Executive Director and coordinating with the County. It is worth noting, especially as a follow-up to the comment that they made it clear, they are maintaining individualized plans for each of the people who were currently clients. Each of them has different placement strategies that will need to be implemented. They promised even more detail.

Mayor Hinton opened for public comment.

Linda commented as follows: With the village, it added an interesting aspect of the neighborhood. People have hunkered down. They blocked off their properties. Put up gates with no trespassing signs. For good reason. The drug paraphernalia and litter. All around. Early on, there's a tremendous amount of stuff from the local stores, theft. This came with the new residents. Discussed the hangings and deaths.

Oliver commented as follows: Questioned when the last SAVS report was and discussed the allegations and stated there has not been a report for months.

Mayor Hinton responded to public comment.

Chief Nelson commented as follows: Discussed the hangings associated with RV village and stated this was addressed during a recent Council meeting and disseminated information to public. Stated two suicides by hanging and post mortem showed no evidence to substantiate foul play.

Director Svanstrom commented as follows: There was an official quarterly report that was submitted by SAVS that should've come to the City Council in July. We received this beyond too late to attach to the staff report give the date it had to be posted for the public.

Vice Mayor Rich commented as follows: As indicated, when we look through this, we felt there was more detail that needed to be provided to the public regarding these plans moving forward and it was too late to include in the staff report. When examined, we felt there was an opportunity and a need to take time to provide more accurate information.

Mayor Hinton commented as follows: Just to clarify. I know that we talked about originally getting quarterly reports. We did not ever ask exactly how they were given. I recalled you had done that brief committee report. This was a more in-depth one of course.

Vice Mayor Rich commented as follows: For purposes of the public and for the Council's understanding that now it is on the oversight of the temporary use permit. What I understand the temporary use permit is requiring orderly reports. Is this accurate?

Director Svanstrom stated that is correct.

Vice Mayor Rich commented as follows: I share this because they want the public to know that the expectation will be reported, and formal report in January. In the final quarter of this calendar year. The expectation is the

January report should have substantially more detail because the planning department is directing it regarding the relocation.

The Council discussed the timing and types of report outs and stated it would be decided by the Agenda Review Committee.

City Council Action: No action taken. Informational only.

Minute Order Number:

PUBLIC HEARING(s): NONE

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

7. Presentation and Discussion of Establishing and Administering a Multiple Employer OPEB/Pension 115 Trust administered by Shuster Advisory Group, LLC (Responsible Department: Administrative Services/Consultant/Presenters: NHA and Shuster)

Director Kwong presented the agenda item.

The consultant provided a presentation.

Mayor Hinton opened for questions.

Councilmember Zollman commented as follows: We have a number of things discussed tonight about possible revenue, enhancements, and curving expenditures. What are the penalties for dipping into the trust at any time

The consultant commented as follows: Part of the rationale for moving this internally budgeted reserve of \$2.8 million towards the 115, it does restrict those funds. In fact, once they move into the 115, they can only be utilized for pension related costs or OPEB/ costs. They cannot be taken back out for general uses.

Councilmember Zollman commented with absolutely no exceptions, that is just that.

The consultant commented as follows: It's my understanding. I am not a lawyer, but that is how these 115's are put together. That is in the rules that they are restricted. The benefit of doing that is there are some broader categories with respect to investments options as well as the fact that this does address the pension challenge, if you will. There is a benefit with respect to these actions with the rating agencies and your credit rating.

Councilmember McLewis commented as follows: From my experience with nonprofits and investing money, one thing that the board always had to confer about, who will decide what risk factor? Who's making the decision as far as risk? Will the City Manager be the administrator. As a who decides what risk level we are willing to take? What is the process? How does that work?

The consultant commented as follows: It is typically done with either the Finance Director, City Manager, or any other finance committee that is involved looking at a number of factors that include the funding of the overall funding and well-being of the City; the duration of the assets, how long they are going to be invested; income requirements, as far as distributions in the future to reimburse for expenses. The number of those factors are involved. It typically involves anywhere from 2 to 4 to 5 individuals within a City.

Councilmember McLewis commented does the advisor always work with City staff or are City Councilmembers involved.

The consultant commented it could be a committee that has staff and Council. Those are discussed very deeply with the different objectives and the risk members of any type of portfolio.

Councilmember McLewis commented as follows: I was wondering with Shuster, what experience do you have with working with funds that are from small cities like us? What are some of the largest annual losses that some cities our size have seen so we can understand?

The consultant commented as follows: First of all, when it comes to customizing a portfolio, whether you are a City of 1000 or is City of a million, investment options are the same. Is depending upon your own financial strengths and the velocity of the risk it wants to take. It does not matter if you have \$100,000 or \$100 million. Those options are available to everybody. Regarding markets, we do customize portfolios for cities based upon the goals and objectives. Recently had a City that wanted to remain a fixed or cash environment for the first six months. As different things are going on, we customize it. To give you an example and I think this is the best stated over the last several years, because we have had over the last three years, some of the unique markets ever in the history of markets with equities with interest rates rising close to 500 points. To give you an example, I'm only going to use a 50/50. What one would call a balanced portfolio. Either way, typically cities choose anywhere from a 20 equities, fixed income, to the maximum, 70 equities, 30. We have one City that has extended OPEB to 2097. They selected an all equity portfolio by their committee as they are looking at 70 years of investing dollars. They were the most aggressive we have seen. That was their selection. Let's just take a 50% equity, 50% fixed income portfolios as example. We have two great years to use. One was, 2022, last year. You saw the fed raised interest rates throughout the course of the year to over 5%. A 50/50, was down approximately 13% for the year. In a portfolio, were 2021 and 2020, was up 15%. When you look at last year, the Barclays aggregate bond index, it of course is really often times utilized as the best index to use for a bond, it was negative 13% alone. That is a bond index. Because interest rates drove up so dramatically. The past year and half, your own cash investment fluctuated due to the sharp rise in interest rates. With a balanced portfolio, negative 13%, positive 15%.

Vice Mayor Rich commented as follows: I want to make sure I understand this slide. Is this slide capturing a \$2.8 million initial deposit? Showing how the balance would be affected over the course of time? Or are we looking at projected expenditures given funded liability in use?

The consultant commented as follows: This does assume that \$2.8 million is transferred into the section 115 trust. As well as in 2025, the green portion of the bar is in addition of about \$90,000. That total balance exists in the trust. It is growing at about 4.5% per year. That is the assumption in this model. What is happening, this model is also capturing the withdrawals that the City will be making. As the payments rise and they go above the orange line beginning in 2027, the City will be withdrawing funds from the section 115 trust to make net payments come down to the orange line. The trust has the starting amount. As funds get withdrawn, there will be a fluctuation in the balance of the trust.

Vice Mayor Rich commented as follows: Does that mean that these funds, even if sequestered in a 115 trust, are going to be depleted wherever that final redline is? Is that what you are projecting? The funds will be depleted by use of the amount needed above the redline?

The consultant commented that is correct. This model is assuming all of the funds in the trust are used. How low can you lower the net payments, assuming all of the funds in the trust are used? If you want to still keep a certain balance in the trust, you can imagine the orange line would be a little higher. Depending on how much you wanted to maintain in the trust.

Vice Mayor Rich commented as follows: My question is if there is no 115 trust, where are we drawing that money from? Would it come from the unallocated reserve fund that we held in the City?

Director Kwong stated it would come from the unassigned,.

Vice Mayor Rich commented if we don't have sufficient money in that fund to cover these obligations, what happens? Do we have to pull it out of general reserves? Where would we get that money?

Director Kwong commented if you don't have adequate money in the unassigned, and you are still keeping the \$2.8M internally, separately, you have to take it from the \$2.8, until it is exhausted.

Vice Mayor Rich commented it really brings me to my key question, when we look at this 115 trust, can you give us a really brief list of the advantages? I have heard one, we hopefully will be able to get a better return on our investment on taxpayer money. What are the advantages to the 115 trust, and what are the disadvantages to it?

The consultant commented as follows: The advantage and disadvantage -- they are revocable. You can look at it from both sides of the aisle. The advantages, for the future, you set aside dollars irrevocably. They could not be tapped for any other use. The disadvantage, you set aside irrevocably. You have the ability to invest and earn a potential rate higher than the state mandates for your City assets that fall under 53 601. They are very restricted as you are probably familiar with. It does give you a great deal of flexibility. Lastly, and I think it's important, City assets a company nonprofit or personal assets, you are diversifying. You are sitting aside different places for the future.

Vice Mayor Rich commented is the downside, these funds cannot be used for any other purpose if they are placed in the 115 trust?

The consultant commented the 115 OPEB that is correct.

Councilmember Maurer commented as follows: Councilmember Maurer commented where is the money invested now?

Director Kwong commented it is in CDs, bonds and mutual funds.

Councilmember Maurer commented it is not in the stock market correct.

Director Kwong stated that is correct.

Councilmember Maurer commented as follows: I want to understand, the \$2.8 million, is it part of the general fundraiser? Or a separate account?

Director Kwong commented it is separate and assigned.

Councilmember Maurer commented as follows: How much do we have in the general fund reserve right now? This is a different fund, so I would like to know the difference between the two.

Director Kwong commented this is a different fund. The unassigned preliminary before the audit is being finalized, about, \$5.1 million.

Councilmember Maurer commented does that include the \$2.8 M.

Director Kwong stated no.

Councilmember Maurer commented as follows: Can you have the 115 trust in a savings account instead of an investment account? A savings that is risk-free?

The consultant commented as follows: Yes, you could purchase treasuries, you can purchase cash. You can purchase the portfolio to purchase any type of asset.

Councilmember Maurer commented I know that right now, certain banks are offering a 5% return.

The consultant commented as follows: Let's look at something going on in the marketplace. I am sure that many of you are aware, we have right now an inverted curve. Not to get technical, but it means the short-term interest rates are higher than the long-term interest rates. As the fed is trying to fight inflation and bring it from 9% down to 4%, which they have already done, they're trying to bring it from 4% to 2%. They raised interest rates so consumers stop spending as much. Inevitably, the Feds will lower the interest rate and money market accounts will go from five, four, two, three where they were not as low as they were previously, but they will drop. Inevitably you want to do with the portfolio, whether it is personal or City, to try to lock in longer-term bonds. We have the ability to inside this type of portfolio. You can lock in longer-term bonds and you can go into the S&P 500. Inevitably, the committee will determine the risk factor going forward.

Councilmember Maurer commented as follows: I assume the bonds are not as risky as the stock market? Would you say that was a guaranteed rate of return, 4.5%

The consultant commented as follows: Discussed a long-term rate of return. Right now a bank at 4% or 5% will be short-lived. Inevitably, the rates will drop down to what they were just two years ago. 1/5 of 1%. 15 basis points. Depending on where the Fed ends up with interest rates, you will see that fluctuation. Long-term, you're looking at earning up to 6%. The higher you earn, the more risk you take. Inevitably it will come down to the risk level the City is willing to take. Whether that's with a bank, City, or in the stock market.

Councilmember Maurer commented what is the risk associated with the pension obligation bonds.

The consultant commented as follows: That is something different than a 115. I believe this conversation occurred a year or two ago and there was a deep analysis. There are two risks primarily that always need to be thought of. You have timing risk, when you do a pension bond, you basically are raising money through debt to do a very large payment, if you will to CalPERS. You're handing them a chunk of money, at that time you are exposed, your exposure is heightened. If they have a bad year in the first year or several years. That is one thing you could do some sensitivity analysis our calculations to figure out what the possible risks are with respect to that occurrence? Over time, the long-term period of time, if your pension interest rate is not lower than what CalPERS earns on its portfolio over a longer period of time, that is a risk, as well. We do not know what CalPERS will earn over the long term. Interest rates for pension bonds were so low, the risk versus reward was considered to be a very strong opportunity. Not so much right now. Interest rates are much higher for those types of bonds. They are not recommended. It's kind of the discussion that would need to happen if things changed. If the City wanted to look at it in the future.

Mayor Hinton commented as follows: What are we earning right now.

Director Kwong commented 2%.

Mayor Hinton commented as follows: We have the ability to get another 2.5% If we went into this, I know we cannot pull out money, what if we just were not happy with it? What if none of us are sitting here and the next City Council is not happy with it, and they want to end it , what will they have to do and how much will they lose?

The consultant commented as follows: There is a way that you could end it. You cannot just withdraw the funds. You would have to use those funds for the intended purpose. Which is, pension or OPEB costs. To the extent where you utilize the funds that are on account for current pension costs. Then, the money from the general fund that you otherwise are earmarking for those costs, went to some other priorities. That would be away to wind it down. You could not take those monies out of this restricted fund once they are placed in it.

Mayor Hinton commented as follows: You are saying that you can use them for pensions, but you cannot ever use them for something else?

The consultant commented that is correct.

Mayor Hinton commented as follows: But you then said, you cannot take them out. I do not understand that.

The consultant commented as follows: It's a little nuance. Every year you have to pay what is called a normal cost and your unfunded liability, for that matter. The annual payment. Those payments, you need to make with general fund money. Perhaps, some other funds, as well, to the extent you allocate those costs to other funds. Over a limited period of time, you could use the 115 monies toward those annual costs to utilize the funds and free up the monies from the general fund, and the other funds, that were otherwise earmarked. The current year revenues from taxes and revenues, they could've been utilized for other priorities.

Mayor Hinton commented as follows: Let me recap so I think I understand it. Five years from now, none of us are here, they want to do something different. Instead of taking the annual payments out of general fund, we could take them out of this trust, and take general fund money that we normally would be making payments, put them in an account like we have now that is not in the trust? That is what you're saying, right?

The consultant commented as follows: That is correct but that is not what we are advising, of course. This is part of the strategy to address the pension challenge with real money. It can be used and reflects well on the financial discipline and credit rating agencies, they will note that, as well.

Mayor Hinton commented as follows: I know that in our current budget, we have line items for CalPERS rate amounts throughout the budget. We have amounts that we are planning to spend out of the general fund for CalPERS obligation. Are those amounts the ones in that slide three it would be under the redline? There was the redline in slide three, above that, amounts we could quote from the 115 trust. Below that, were those the amounts we are planning to pay out of the general fund?

The consultant commented yes.

Vice Mayor Rich commented as follows: Given what we were just told about the decrease in CalPERS returns, is the amount that we budgeted for in our approved budget, still sufficient to cover the amounts that would be under the redline in the graph?

Director Kwong commented it is sufficient for this year.

Vice Mayor Rich commented do you have projections in the budget for subsequent years.

Director Kwong commented as follows: You can see the bottom line for the revised forecast or the current forecast, it would go negative.

Vice Mayor Rich commented as follows: My big question, what happens if the City uses this money, \$2.8 million, for some other purpose? If they do not have enough money to pay CalPERS obligations? What happens? What are the consequences?

Mayor Hinton commented as follows: What if we needed to float the City and we don't have it, what happens? Do they arrest us? The CalPERS police or, do they retired employees not get their pensions? What happens?

The consultant commented as follows: This has come up in the City of Stockton and San Bernardino. I stop right now to tell you I am not a lawyer, but in the past, we have taken note of CalPERS, their position in the hierarchy of creditors for public agencies in California, is very high. They will get their money one way or another. If they don't, other creditors fall behind them, but if they don't get their money, they do have that right to cut benefits to reflect the receipts that they are getting from the public agencies. I believe that was reflected in how Stockton and Vallejo and San Bernardino handled their bankruptcies.

Councilmember Maurer commented as follows: Can you describe the decision-making process around the choice for using Shuster? How was that decided?

Director Kwong commented as follows: It was decided based on fees and customize. They were able to customize. This is not one-size-fits-all.

Councilmember Maurer commented who was part of that decision-making.

Director Kwong commented I worked with NHA.

Councilmember Maurer commented were the City Managers involved in this decision-making process.

Director Kwong stated no.

Councilmember McLewis commented as follows: What happens if we do not make decision tonight.

Director Kwong commented the City would remain status quo.

Mayor Hinton opened for public comment. Establishing and Administering a Multiple Employer OPEB/Pension 115 Trust

A member of the public commented as follows: Looking at the chart, I understand there is a \$60 million unfunded pension liability to CalPERS. The \$2.8 is not a huge whack at that. You still will have according to the chart, \$1.4 million contribution to make up the unfunded pension liability. The \$2.8 will be dried out within five or six years. It seems like a temporary solution to a massive problem. It just gets drained. When I was reading through the documents, if you are unhappy with the trust, you can change the trustees, I believe? You can basically flush it by paying all of the CalPERS.

Kyle commented as follows: I'm hoping to get some clarity from our paid consultants or the financial director. In the presentation, the very first statistic thrown at us is making a claim that CalPERS loss in 2021 and 2022 would suggest that the loss was 6.1% for that year. Without some clarity that needs to be taking place regarding a 22% inflation of the doom and gloom loss that was being suggested by CalPERS for 2021 and 2022. In addition, there is a claim based on the negative 7.5% of the UAL for that year. I think we will need an adjustment on that to really bring into a line with what CalPERS presents at 6.1%. I'm curious where we are getting this number of 7.5% from? Following that, I want to suggest that I can now go down and get City rates that are in the 4.8% range . At 2%, it might be in our best interest to take the penalty at the 2% rate and put that into a 4.8%. Suggesting we will continue to have City right at 2% without reinvestment or changing or using some sort of waterfall strategy, that is quite concerning to me that we are making suggestions that 2% is the fixed status quo, without any sort of other options being presented.

Oliver commented as follows: The consultant's California license fixed bond was not renewed in 2016. I think it was on the Secretary of State website. Questioned if they have a license. The documents on the website are not the same as what was presented just now. It was very confusing. The slides were different. They were hitting some things on the slides which were not on the documents that was downloaded earlier. Third, I feel like this is not the right time to do this in my opinion. We have as much wiggle room as we can. Very little money to play with. I do not see much advantage to blocking a bunch of money away that gives us less wiggle room. We should use this to rebuild the economy. We have to really build the City and economy backup. More wiggle room and money we have, I do not think this is the right time to do this.

Deborah commented as follows: I do financial consulting with local governments and there are investments that make 4.5%.

Grace commented as follows: After reading the documents provided and listening to the presentation and the City Council, it seems like I think it will be very pertinent to be responsible and place our money with Shuster's. Especially after they act as what is yours. That's really important to put our financial interest before anything else. It seems like they are knowledgeable and experienced. I definitely support the pensions being moved there.

Linda commented as follows: I am getting the same feeling that I had a year ago. The \$5 million, an attempt to baffle us, I am sorry to say. I also would like to remind you that Ana, the financial director, was integral for the \$5 million that the Mayor seems to not want to acknowledge. \$2.2M the bamboozle of the wireless water meters. That was sold to us with Ana's help and directly to the public works superintendent who insured us multiple times, on multiple occasions, there would be no cost. No cost. No cost. I hope that Diana remembers her saying, I trust staff. it was the trust that landed us in the City into the financial predicament that we have. They got a \$1.25 million of that. I would like to know, how much Shuster is getting out of this? How much they anticipate getting out of it?

Steve commented as follows: I just recently moved to Sebastopol. It's a great neighborhood and I want to keep it that way. One thing I want to mention, since I've been retired, I am very adamant about my investments. I watch it daily. I think the biggest concern from the City, whoever makes the decision, should make sure that your initial investment is not affected. You can make a lot of money, but if your risk is very high and you lose any of the \$2.8M, that will be a bigger problem than getting an extra 2%. I'm not saying not to invest, but whoever your group is that makes the decision, look at that. Make sure your initial investment is secure to a point. Everything has risks. Even with banks. Make sure you do not lose what you put in.

Mary commented as follows: My understanding this correctly that Director Kwong is controlling this money? And, if so, for how long has she been in charge of this? I'm wondering what her investment qualifications are.

Mayor Hinton responded to public comments. The consultant discussed their license and stated they do have a current Federal license. The Consultant discussed different areas of earning interest such as CDs. As mentioned by many of the speakers, you are right, there are different areas in the bank. You could earn a City or money market account. U.S. treasuries regard as the safest investment in the world are yielding 5.4%. All of these will be looked at with the committee. When investing dollars. For old interest rates it should be reminded that it was one fifth of 1%. When looking at a 2% rate of return, often times is because there are many cities locked into lower interest rates with bonds and or CDs when interest rates were down at one, one at a quarter, 2 1/4, et cetera. When the CDs mature, opportunities to purchase at 4.5%, 5.5%, even 6%, they will be there for this City and all cities to take advantage of.

Vice Mayor Rich commented as follows: Who is deciding how currently the \$2.8 million is invested? Is that the administrative services director or someone else?

Director Kwong commented the City uses TBI and they are based out of Portland Oregon.

City Council Discussion, Deliberations and or Direction/Comments to Staff:

Mayor Hinton commented as follows: I will say, the longest-serving Council member on, my first assignment was to serve on a CalPERS committee in 2017. We analyzed all of this. Having served on the budgets committee for five years, we painfully pulled and put together in our nest egg, the \$2.8 million. It was discussed very publicly with full transparency from the previous Council, about options for a trust, like we are discussing tonight. The decision was made to not ever take away from our little nest egg that we put away and to also not lock it in. We understood that if we lock into a trust, we cannot take it out. We know that this item, we are exploring it and we are a different Council now. I honestly do not know, I really want to listen everybody, what way to go now? We obviously have financial stuff going on. The decision, my vote at the time to share was we might need that money someday that we need to tap into. Yet, personally, part of my retirement is an investment fund. I believe to have a diverse portfolio. I am really torn. I have to say that out loud. I have to say that we felt we were doing, making the right decisions over time. I'm not sure if it is the right decision tonight? I appreciate the full presentation and disclosure. I heard rumors, there is hopes that, so many cities are in trouble with CalPERS for support coming down the road and no one knows what to predict, I'm not a professional City government person, is there any word on that? Obviously, every City is in trouble with these projections.

City Manager /Attorney McLaughlin commented as follows: Everybody in the City is trying to solve it. We talked for years, so many cities are in trouble. Many of those are in a lot worse situation than we are. There may have to be some political solution at some point, but I do not have concrete information about it. The people who worked on that daily, may have heard rumors or substance, perhaps consultants hurt something different? It is highly speculative whether there will be some kind of bailout from a source in the future. I was part of the budget committees which decided and viewed the trusts in the past. As you state here, the budget committee was concerned that at times we did not know a dire event that might happen in the City, we felt there was a paramount importance to maintain flexibility to utilize those funds in an emergency. This was a time with her committees were looking at that. Wildfires, City evacuations, and flooding, all kinds of things. That was a concern of previous City Councils. We treated the subject seriously. We had the nest egg, painfully put the money in there, but we were worried about maintaining flexibility for the future. We have never touched it.

Councilmember McLewis commented as follows: I share your thoughts that you just shared. I'm not opposed to doing this. The question I have, is right now the right time to do it? Is it better to wait six months? We have a lot

of things going on, a lot of financial things happening, is this the right time? I'm not opposed to it, I just don't know that right now is the right time? Is it possible for us to delay the decision?

Councilmember Zollman commented as follows: Thank you, madame Mayor and fellow Council members for expressing reservations to not knowing exactly what to do. For me, it definitely is tied to potential revenue stream by way of the returns, getting a better return rate, and reducing expenditure with the graph we saw. It goes up and then down, then goes up, so we don't have to keep worrying about the upside to that part of the graph. I have been on a number of bodies and from my mind, we need to be aware of the ongoing risks. I think the ongoing risks outweigh any reservations that I have. I would want to vote in favor of this because, I do not want have to look in the Mayor and say that I did not do what was solvent and that our employees might be affected and not get the full benefits. That is where I am at.

Vice Mayor Rich commented as follows: I understand the quandary here and the need for flexibility and concern about fiduciary situation right now having been on the budget committee. However, I look at the options, recognizing this money as we look at the graphs and projections, it will have to be spent. Thank you from the Councilmembers who drew this out, to the extent this effort at 115, there is a way to bring it back in to pay for obligations that we will have to cover. They are already in our budget. Given that, that builds in some flexibility that I have not understood until I heard the questions here. The strength of moving forward with the 115 trust, is really combined with broad comments. We believe in our retirees. We have obligations to them. They worked hard and relying on us. If we are looking at holding this money, we have been holding this money in a fund that has not been professionally managed. We had a member of the public comment about the need to have a for this year. We have a small staffing we had someone else as director that has been investing this money, we do not have the staff that can handle this internally to make sure it is done correctly. Professionally managed by a fiduciary who can be vigilant, we can add more money as possible down the line. There is a very small administrative fee, having seen those percentages. I agree with that. To me, it is tough to take \$2.8 million and say, okay, it will go over here and we will committed. I have to vote in favor of the stability.

Councilmember Maurer commented as follows: I am uncomfortable with locking the money up. The inability to take it out, that is new news to me. If you have money invested, you cannot take that out and move it to another company. That is kind of disturbing to me. Unless you just pay the whole thing to CalPERS. That is kind of confusing to me. I feel conflicted about this. I have been talking to staff about the need to move the investments into a higher interest rate for the last many months. That has not gone anywhere. I understand there is really no guarantee when you have investments like this. You may get 4.5% return. You make it more or less. I am just conflicted about the direction. I do not like locking it up. I would like to see us have better interest rates. I would like to see us get 5% interest rate.

The consultant commented as follows: I wanted to clarify. I think there is a bit of confusion here. A 115 trust has two options are. One is OPEB. The prior statements about not having the ability to get your money, to pull it out, that is accurate. A pension stabilization, component of a 115 trust, allows reimbursement back to the City for the amount of money that you paid out for your CalPERS obligation during a given year. As an example, if the City were to pay out \$1 million to CalPERS, and they wanted to be reimbursed out of the 115, they could. Out of the pension stabilization. Again, two components to a 115. OPEB and pension stabilization. Number two, the ability within the 115, the previous speaker mentioned our inability to change companies. If you wanted to replace our company, that is easy. You can replace us easily and move on to somebody else. That does not have you locked in. The bigger picture, this is about diversification. We do consult and act as fiduciaries to publicly help companies, privately held companies, individuals, over 85 cities. This is about diversifying your assets going forward. And putting a little money aside differently than you do personally for your 401(k) or 457 or 529 plans. It's about

diversifying and taking advantage of different markets. Obviously, setting money aside for obligations in the future. I do want to be clear, you can be reimbursed under a pension stabilization program which is under a 115.

Councilmember McLewis commented as follows: How frequently is this reviewed? Who decides the risk factor? How frequently is that reviewed by the cities? Once a year?

The consultant commented as follows: It is typically done anywhere from two to four times a year. When you look at investing your money or any money out there, you let markets be markets. We are monitoring portfolios on a monthly quarterly basis on your behalf and all of our clients and reporting that to cities. Either quarterly or semiannually.

Vice Mayor Rich commented as follows: You said that we could get, the City, could get reimbursed. Let's say we get to the end of this fiscal year. We have the 115 in place, we could get reimbursed for the expenses, the amounts that we head out of the general fund to CalPERS. Is that correct?

The consultant commented as follows: That is correct. Many cities have shifted the funding of OPEB's over the years to fund more into pension stabilization's for that exact reason. Having that flexibility to be reimbursed.

Vice Mayor Rich commented as follows: My question, to the administrative services director, what is your ballpark for the total amount that we will be paying out of general fund to CalPERS in this fiscal year? I'm not looking for an exact number. Probably a lot. The reason I ask, when we look at flexibility, if we get to the end of the fiscal year, and the City Council wants to go, okay, we need more money out of the 115 even though these guys would not advise it, we at least know how much money we might be able to get reimbursed.

Director Kwong commented she does not have that information right now.

The consultant commented that would be normal cost, plus, UAL payment for the current fiscal year. We can see in fiscal 2024, the UAL payment is \$1.1M on the chart of page 3. Just add the normal to that.

Mayor Hinton commented as follows: Is NHA advisors the same consultant that the City used a few years ago for CalPERS.

Director Kwong commented the City used NHA for the Pension Bond that the City was going to go out for OPEB.

Mayor Hinton commented as follows: Somebody has suggested we have a lot going on. We have a new City Manager coming on board. We have revenue issues. We have talk of what solutions we are going to go out, ask the voters for support so what if we did table this? If we tabled this to the next budget subcommittee, when we have a new City Manager on board, and pushed this out 6 to 8 months, is there any negative to that? I am impressed with the presentation. You have done a lot of work. I'm just hesitant about pulling the trigger tonight. Based on everything else we have going on.

The consultant commented as follows: Our goal is to always do research and the due diligence and set up the information for good decision-making. We are not making the decision. We do note that section 115 is a good practice for many. However, it is client specific. It is time specific. City Council is charged with making the best decision for the City tonight. That does not preclude you from putting less, setting it up and putting less in, or deferring to another date. You know, these are all decisions for City Council. I think the job, we feel good about what has been presented here as far as setting the table for a decision for all of you. But, I would not say it would be catastrophic if you did not do it tonight. You know, I do believe it is a good idea for most of our clients to

create some discipline with a dedicated reserve for this pension challenge that everyone has, every City, every public agency in California.

Mayor Hinton commented as follows: A lot of times with the staff report, and shows what other cities have done. Do we have any since of local cities that have the same type of trust? In Sonoma county, for example? Or are cities doing what we have been doing to date, putting a designated account aside? Where is the trend?

The consultant commented as follows: You are bringing up the right issues and points about flexibility, versus dedicating and creating a stronger approach to the challenge. All of those points are well taken and we have done a lot of work with the cities, large cities and small, putting in to place pension funding policies that overtly addresses these things. Many of which, are being done by most cities. Prepaying and making sure you pay your annual, making sure you do not get behind on things. More and more cities are looking at 115. Many of those, if not most, are adopting them. Some other firms are in the 115 business. They are getting more and more business because of it.

Councilmember Maurer commented as follows: I have a question for the finance director. The \$2.8 million, will that be taken out of the low interest CDs? Will those be sold, taking the penalty, then giving them the money? Where will the \$2.8M come from?

Director Kwong commented the City has two local investment accounts.

Councilmember Maurer commented as follows: Will there be penalties for moving the money.

Director Kwong commented they are liquidated.

Councilmember Maurer commented as follows: What interest rates are those getting now.

Director Kwong commented is about 3.2 or 3.3 percent and is basically a money market account.

Councilmember Maurer commented as follows: I have a suggestion that we might consider. What if we do half and half. Put half in Shuster and put half in a 5% savings account. We have a divided Council on this item. What if we considered doing half-and-half. You put half in the Shuster, you put half in a 5% savings account.

The consultant commented as follows: One of the things you have noticed here, the 20 basis points that we are charging for this program it's one quarter of 1%. I think it would be helpful that we can help your finance committee like we do many cities, where you can enhance your interest rate. Whether it's in a 115 plan or simply in her portfolio. Where help being 35 cities right now analyze these accounts to earn another one, two, three, four, percent interest where they are liquid and as safe. That's something that can occur.

Vice Mayor Rich commented as follows: I still have a question pending regarding the total CalPERS? The current fiscal year, at the end of the current fiscal year, the end of June, 2024 we will have spent \$1.8 million? To confirm, that means that at that point, we could use the 115 fund to reimburse ourselves?

The consultant commented that is correct.

Mayor Hinton commented as follows: A Councilmember proposed a mixed resolution that would be half and half. You just said you are giving us a very good rate on investing. Half of 1%. If we were to entertain the 50/50

proposal by the Councilmember and only invest \$1.8 or \$1.5, will we still have the same percentage rate to set up the trust?

The consultant commented as follows: I believe our fees are the same but I can confirm that.

Vice Mayor Rich commented as follows: I actually like that proposal. My primary goal is to set up the structure of the 115 trust, so that we have money sequestered. Maybe it will be a way to experiment with that and possibly the next budget committee might look at putting the rest of it? My request would be, if we do this, half goes into a 115 trust. The other half continues to be segregated in a reserve fund internally that we maintain in an assigned reserve fund.

Mayor Hinton commented as follows: If it amounts to \$1.8 million, right? Incidentally, we are paying out this year. It makes sense to take the \$1.8 and put it in the trust and whole back the 1 million. See if we can shop it for a higher City return in a year or something? I would agree. I would do the \$1.8 to the trust and the one million assigned and look for a higher rate.

MOTION:

Councilmember Maurer moved and Councilmember McLewis seconded the motion to:

1. Adopt Resolution approving the adoption of the Multiple Employer OPEB/Pension 115 Trust Administered by Shuster Advisory Group, LLC and appointing the City Manager, or his/her successor or his/her designee, as the City's Plan Administrator for the 115 Trust.
2. Authorize the City Manager, or his/her successor or his/her designee, to enter into the Adoption Agreement for the Multiple Employer OPEB/Pension 115 Trust.
3. Authorize the City Manager, or his/her successor or his/her designee, to enter into the Administrative Services Agreement and Investment Advisor Agreement with Shuster Advisory Group, LLC.
4. Authorize the City Manager, or his/her successor or his/her designee, to transfer \$1,800,000 to the City's 115 Trust upon completion of the Trust establishment documents.
5. Adopt Resolution approving the adoption of the City's Pension Funding Policy.
6. Adopt Resolution approving a budget amendment

And Directed staff to:

- Keep the \$1M in the assigned pension plan;
- Review highest rates of return
- Return to the Council with a report on City's current rates

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

City Council Action: Approved Adopt Resolution approving the adoption of the Multiple Employer OPEB/Pension 115 Trust Administered by Shuster Advisory Group, LLC and appointing the City Manager, or his/her successor or his/her designee, as the City's Plan Administrator for the 115 Trust.

2. Authorize the City Manager, or his/her successor or his/her designee, to enter into the Adoption Agreement for the Multiple Employer OPEB/Pension 115 Trust.
3. Authorize the City Manager, or his/her successor or his/her designee, to enter into the Administrative Services Agreement and Investment Advisor Agreement with Shuster Advisory Group, LLC.

4. Authorize the City Manager, or his/her successor or his/her designee, to transfer \$1,800,000 to the City's 115 Trust upon completion of the Trust establishment documents.

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And Directed staff to:

- Keep the \$1M in the assigned pension plan;
- Review highest rates of return
- Return to the Council with a report on City's current rates

Minute Order Number:

Mayor Hinton called for a break at 8:24 pm and reconvened the meeting at 8:31 pm.

8. Preliminary Report Out of Revenue Enhancement Options (Responsible Department: Administrative Services/Budget Committee)

Councilmember Zollman presented the agenda item and made the following comments: I definitely wanted to take a second to start and thank Vice Mayor Rich for her contributions. We recognize the fact that we are in a horrible situation structurally when it comes to finances. We rolled up our sleeves. I want to thank staff who participated on the budget committee. All Councilmembers, we urge you with the fact that someone needs to start looking at the stuff. We wanted to put the numbers out as quickly as we could. We tried really hard to get it before you the last Council meeting. We need to put some more time and effort and that time is now with the report you have. Again, I want to highlight a few things and other members of the budget committee can definitely add to it and hopefully will. To stress, paragraph number one, this is a preliminary report for revenue enhancement options. Is the initial summary. We have made nothing more than the recommendations to try to get the best out of it that we can. We are in a financial crisis and hopefully we have stressed that a lot the last couple of months, we definitely are. The table that is referred to under the paragraph that says, discussion, the table is condensed as a financial forecast for the fiscal year 2029 through 2030. When you flip to the top of page 2, you will see that table. It's already been brought to our attention, the fact that the numbers do not match up from where we left the last years adoptive budget and what is listed in this table. We want to say that we acknowledge that and our finance director has offered up the following explanations. If we have more questions about her, I am sure we will get filled in on it. For the members that are following on the phone or in the audience, what he's referring to, the reserve level currently for 2023 and 2024, 27.4%. The reason why there is a discrepancy between those figures that ana brought to our attention, what's happening, there was an audit. That has been completed. That verified the numbers. In addition, there was the sales tax revenue expectations that exceeded what we thought and discussed discrepancies in the numbers received.

Vice Mayor Rich commented as follows: I got additional details from Ana. What those details disclosed, the primary difference, which is about a \$1.3 million difference in the reserve that came in from the end of 22 into, coming in to 2023, \$1.6 million, one time grant amount. That, I was not aware of. What is added in, is a one time grant amount that is substantial. I was hoping that since I identified that from the information provided to me directly, by Ana, she could tell us what the one time grant amount was? If that is backed out, the numbers line up very well. What is the one time grant amount that is suddenly showing up in 2022/2023 that was not in the posted budget?

Director Kwong commented as follows: The audit year we received the first half of the covid money, the City did not have all of the expenses. We did not have any guidance on the feds, how to spend this money. At the end of that year for the audit, it was advised that the City would move this money into something called, defer revenue.

We got the money. In your revenue, it is not showing there. Is sitting in a liability account. Is called, defer revenue. When the City was developing the 2023/2024 budget and closing the book for 2022 and 2023, we received the second half of the covid money. Plus, the other half was in the defer revenue, now we have more guidance from the feds that say you can use this money for such expenses for covid. When we had the covid three years, you could use it for public safety payment.

Vice Mayor Rich commented as follows: We had the money, but it was sequestered.

Director Kwong commented as follows: It wasn't sequestered. It did not show up during the budget process. Now that we closed the book for 2022/2023 and received more guidance after reporting to the feds -- these are the federal compliance reporting funds. At the advice of the auditor, when we do not have enough expense for covid to suspend the first half, for accounting purposes, it has to be booked differently.

Vice Mayor Rich commented as follows: Are there other sequestered funds.

Director Kwong commented not to her knowledge.

Vice Mayor Rich commented as follows: I was sorry to interrupt your presentation. Since I received that information, other than that, all of the numbers lined up to the \$1.67 million.

Councilmember Zollman commented as follows: Thank you for filling that in. Hopefully that helps with why the numbers look like they don't match up. The rest of it, the fact that we wanted to be able to provide the current forecast. If we don't do anything. That is a, on page 2. The numbers are what we would have anticipated to see given the NHA report many months ago. If we don't do anything with the numbers, we will run out of money. We came up with a date of July 1st, 2026. That lines appear. We want to give everybody perspective you have. If we do nothing, this is probably what most likely is going to happen. Turning over to page 3, the thought was, we wanted to give framework for what we could do. Again, we wanted to give you ample and different scenarios of what we could do. The sales tax, you can read through each detail for the items for the tables. Sales tax, tot. The parcel tax, and the different combinations of those. For myself, I wanted to know what would give us the quickest most money in the shortest amount of time? That was the perspective we took in listing them in the way that we see them. C, the revenue ranking for the ballot measures, highest to lowest return, that was a quick summary. Where would we stand in relation to those measures. Then Vice Mayor Rich said that we had to be clear in the fact that we do not know what is happening with the new hotel. The best knowledge that we have, if they do not break ground by April, we should assume it is not going to help us in this fiscal year.

City Manager/Attorney McLaughlin commented as follows: I'm not at liberty to discuss some of the aspects of that. We have been actively the last couple of weeks, exploring the number of options for future hotels and a number of methods that are being utilized to promote opening. I am feeling very optimistic tonight. I cannot give details and these are speculative.

Councilmember Zollman commented as follows: I am glad you are optimistic. Anyway, just in case it does not come to fruition, that's the reason we wanted to give you the scenarios that are on page 5. Scenarios without the hotel. The rest of the tables are marked with different scenarios without the hotel. They are in the same format as the ones with the hotel.

Director Svanstrom commented as follows: For the hotel, I am in communication quite a bit to help them move their project forward. In fact, they just submitted an additional application. There continue to move forward with making sure that they can get power when they need it. They submitted the permit, it's a very hefty package.

Suffice it to say, they have spent millions of dollars on the project development. They are currently waiting for approval of the archaeological plan for the federal government which is a conditional lender. Then, they would after that for the financing for the federal government is moving slowly on the archaeological. I do anticipate being able to start construction by April. When the grounds dry out after winter. I would say the construction timeline was probably about 18 months? Given it basically is four large buildings. The question about what happens if they are not able to break ground in April, I had spoken with them about the potential doing a development agreement with Council if for some reason, a lot of people getting trapped with various interest rates and what is going on these days They are hoping to move forward on the timeline that was noted with April. If for some reason interest rates jumped to 20%, I believe they would want to, and they expressed wanting to do development agreement with the City so they can move forward with the project.

Councilmember Zollman commented as follows: As I was saying, the last page, page 11 of 12, it was our thoughts and thoughts of local fellow citizens, about what they would like to see explored. They are in no particular order. We wanted to give you something to think about. The next agenda item is the composition of the budget. Whoever is on the committee, maybe the Council tonight can give direction about which ones look good for you. It was given prior research by the committee and staff.

Vice Mayor Rich commented as follows: I wanted to make a correction on the possible new ballot measure detail. It is section b. I wanted to identify number three, utility user tax. It says in the printed document, the .75% 1.75 percent. If anybody did the math, you know that would not add up to 5%. It should be, 1.25% increase. We are looking at a 1.5%. That is what all of the numbers in the scenarios reflect. I wanted to note, the question came up, you will note in the projections, there are increases built in in each fiscal year. There is a natural progression. No new expenses. No new revenue. In the initial scenario that says what happens if we don't do anything. There are no new expenses in there. No new revenue, that is on page 2, the current forecast look. The reason we are seeing increases in each of those fiscal years, because the amounts are being increased by escalators. For instance, on the revenue side, I think I was told, and Ana correct me if I'm wrong, it's approximately 3% added in each year to expenditures. You increase the expenses about 3% each year?

Director Kwong commented that is correct.

Vice Mayor Rich commented as follows: On the revenue side, there are increases that are different depending on the revenue categories. Sales taxes, property tax, you build in your projections based on escalators for those revenue amounts?

Director Kwong commented that is correct.

Vice Mayor Rich commented as follows: I wanted to add in response to a question I received, it's a bottom-line question, what do these numbers really mean in dollar amounts? A sales tax, ½ percent, I will use \$100 as a reference. Half percent, 50, on a \$100 purchase. Quarter percent, would add 25 to a \$100 purchase. When we look at TOT, 2% increase, would add two dollars. To a \$100 lodging bill. When we look at 1.25%, it would add one dollar 25. As a reference point, those are the numbers we are talking about to make them very real. Then, I would like to identify that in each of the scenarios, if we look at the first set, it starts with d. Scenarios with the hotel not being there, we organized them so the ones that end up in 29-30 with the highest they are first and they cascade down. There would be affected by a new hotel going into place. Keep in mind the assumption in each of those with the new hotel, a 2% TOT will be in place. New scenarios with a new hotel, including a 2.2 increase. Finally, as a reminder, this is our plan, to try to start a pattern of bringing information, reporting out to the Council, so as the process is engaged, the City Council can be brought along and have an opportunity to process and digest it. We felt like there was a lot that we had a priceless process and digest. The final point I would make, I would identify

for purposes of discussion, when I looked at these numbers, there were approximately six scenarios that brought us to an end in 29-30, of at least 15%. In our reserve. It obviously is our goal. Those scenarios were in the no new hotel. Number one, two, three, with the new hotel, they were number four, seven, 10. All of the others come in with under 15%. With the new hotel section, if you go to the new section, the ones that bring us in with a new hotel at 15% and above, number four, number seven, number 10. All of those involved a sales tax of some kind.

Mayor Hinton opened for questions.

Mayor Hinton commented as follows: Is it fair to ask the two of you who presented this, do you have a favorite? Or is it too soon?

Vice Mayor Rich commented as follows: I will say that personally, looking at all of these numbers, specifically the six identified with a goal toward making it to at least 15% by 29-30, my general conclusion, a sales tax will be necessary. Either a quarter percent or half percent. The first four scenarios that identified all have percent sales tax.

Councilmember Zollman commented as follows: It is also consistent with the last survey. I know that people had problems with that. We definitely did receive positive results of people willing to do half percent sales tax. Then it turns out to be TOT. Talking about risks, it depends on the new hotel breaking ground in April. Depending upon we want to go out for the ballot, if it is too much risk, we go with the UUT. There has been reliance on the new hotel for years. That is been one of the reasons we are in the situation we are in. Because of that, the final three identified, assuming a new hotel, I think that is kicking the can down the road, to tell you the truth.

Councilmember Maurer commented as follows: I know the sales and property taxes have to go to the ballot. What about tot or UUT? Are those ballot items or can the Council decide.

Vice Mayor Rich commented they are all ballot items including the UUT.

Councilmember McLewis commented as follows: Can you clarify with all of these numbers, is it maintaining the status quo and not including infrastructure or increase dockets? It is just status quo, right?

Councilmember Zollman commented as follows: That is the painful truth. Nothing more about community benefit grants. It's about what we approve this year. That's what we are anticipating, which is really grim.

Mayor Hinton commented as follows: Want to clarify what the items were taxed? My understanding that it was water and sewer. We had this item during the last meeting. Gas, PG&E, Cell phone and cable. Am I missing anything?

Director Kwong commented as follows: Cable tv, cell phone, internet.

Councilmember McLewis commented as follows: With this list of potential non-taxed revenue sources, have you considered, or are you saving this for the next budget committee, to deep dive into this and come back to us? I have lots of thoughts and questions about many of these things. I appreciate you putting all of this together. I want us to also spend an equal amount of time talking about other ways to bring in revenue, not just taxation. I think the residents deserve to have us looking. Is that something you are hoping or expecting in the next budget?

Councilmember Zollman commented as follows: We are looking to the direction that you might have. That was generally what the thought was. If any of these jumps out or you have other suggestions, email them to Mary. She will coordinate the next budget meeting.

Councilmember McLewis commented as follows: I would like to ask about what we will do to reevaluate our own ordinances and City tolerances and ordinances if we are our own worst enemy in some ways? What will be the process to bring it back? Are you hoping to do that through the budget?

Vice Mayor Rich commented as follows: I think that they said they are bringing those forward and the next agenda item is a new budget committee that won't take the direction from this. That is my understanding.

City staff commented we hoped part of the discussion would be in addition to these, if the City Council members if there are any other items.

Councilmember McLewis commented as follows: I see vacancy commercial buildings. The questions I have are, how do we enforce that and what layers does that add and what other cities have had success with it? Would you start off with that one thing, I spent a great deal of time going through that so I do not know.

City staff commented as follows: I would say that that research has not been done, so I would just suggest that without direction, we probably would not do that deep dive into all of the scenarios. My understanding is you are looking for direction toward scenarios from this Council before we spend that level of detail. If there are items on there that this Council as a whole is a no, we don't want you to look at, that would be taken off the list. If the Council is saying please review these ordinances, and if you are, we can bring back the vacancy item, things like that. If there's something definitive you are saying no, do not look at, that is what would like to know otherwise we do look at all the options and we are asking to see if there are others but if the Council is in agreement, saying we like these suggestions, have staff do a deep dive, that's the direction we are looking to get the budget committee so we can at least bring one or two back to say that these are suggestions. There is no direction, tonight, unless there is something totally specific you do not like on this list, then let us know.

Councilmember Maurer commented as follows: On the second to last page, number eight, reassess, I don't know what that is. Number 10, established enhanced infrastructure financing district, could someone explain those to me

Director Svanstrom commented as follows: In some cities, this is called a street moratorium ordinance, and what it is, you are all probably familiar with the pavement index that talks about the condition of the roads and at a certain point, you go through and you do a slurry, the topcoat, or you do a full depth completely review. If you as a developer, cut into a street that has just been repaved, you have to not just cut in and put asphalt in it, which we have all seen and driven over, it becomes a dip after a few years, and it creates, basically creates issues in terms of pavement index, so with this ordinance, it says that if you, in the first five years, if you cut into it, you cannot just do your 12 inch trench and fill it. You need to actually fix the pavement a certain number of feet, so then it actually is more like the new road that was just done and not a patch. That is something that I believe was brought up with the initial budget discussions. I have seen it in other locations and sometimes, it is a big project on bodega that the City is working on. It would allow, we have a number of developments that would allow the City departments to get there utilities before that was paved and if they don't, that would be in terms of additional cost so that the pavement is still there. When it is done with the best example of this is the murphy site, which I think was two months after it was repaved, there was a brand-new 12 inch trench cut into the middle of the street. From a revenue perspective, it is not a short-term gain. It is a long-term management of how people are caring for the pavement which is a huge part of the street budget. Into the future.

Councilmember Zollman commented as follows: As far as number 10, the enhanced infrastructure financing district, I only became aware of that because at the library ad hoc, our supervisor, Linda Hopkins, sends one of her aides each month that we meet and we have coffee and she suggested we look into this concept. It would require the county assessor to work with us and that is the reason we are inviting you to the next monthly library ad hoc committee, to walk us through those steps. The general premise is that you need to set up the physical, UAL boundary of the district. Several of us were thinking about, how could we work together using current funding and opportunities? We immediately jumped into the grantor to work in partnership with them to find out what their specific parameters are, but we think it's starts. Could be an area such as the Senior Center to Willow. We are thinking is that general idea and you work with the assessor to figure out what your base rate would be, and anything that exceeds the base rate moving forward, that is the money you can continue to invest in that district. You are utilizing the property taxes. You work with the county to set that up and then you utilize that for improvements and things like that.

Councilmember McLewis commented as follows: Can you clarify the reassessed policy regarding tiny homes. How does that help us with our revenue?

City staff commented as follows: It may be allowing more to the property which would increase people coming into the City, sales taxes and would require a larger discussion with staff.

Mayor Hinton opened for public comment. Preliminary Report Out of Revenue Enhancement Options

Kyle commented as follows: Tonight we are learning for the first time that the City's reserves are significantly higher than what was reported previously. Our current City budget was decided with significant cuts to most departments as a result of incomplete information, except massive increases to the City Manager, City Attorney, and the Finance department. While we will not be surprised if I asked a few specific questions, how many years in a row has the projected revenues used as part of the annual budget process been significantly less than the actual revenues following an audit? How many times was the term, deferred revenue, mentioned as part of the budget subcommittee process. If this number is zero, why? The current revenue and expenditure predictions are static. Each year with revenue and 2% growth, this was presented without explanation or evidence and that continues to suggest that this Council has chosen to only focus on opportunities for revenue generation with little exploration of other items.

Grace commented as follows: I think it was also reported that when it came to cut, the fire chief I want to say, "would not play ball." I do not think it was just the other departments mentioned but I have to say that, it's not a comment, but I am in favor of taxes, I am fond of what they pay for, so I think the parcel tax is important because people who live here show that funding. It's so easy, outside of Sebastopol.

Oliver commented as follows: I think that this is in incredibly adventurous document for the budget committee. I guess, I have a question. Looking at the last 10 years, I am in the biggest line item, intergovernmental revenue is typically being close to \$1 million a year. It's only been \$16,700 budgeted for this coming year. There's a lot of money not accounted for, miscellaneous revenues, typically, over \$300,000 this year. A lot of these numbers are not accurate, I do not think. This document, which is basically taxation options, I do not think that many people are going for it even if there is a campaign from the tax enthusiast in the City. None of this makes sense, to me, frankly. Regarding the hotel thing, we know that they really want to build a hotel. We have the Piazza, there's a lot of opportunities for the City for revenue. I happen to know businesses that left the Barlow that were bringing in a huge amount of foot traffic to the City. I am not seeing anything particularly impressive or useful except a lot of hope that you can squeeze more taxes out of people. It does not make sense.

Kate commented as follows: I want to say that unless there is a road map for infrastructure repair, which there is none, there has been no proper vetting of how much infrastructure is needed, so I'm going off of past documents, we have \$18 million in road repair that needs to be done, like another \$16M in water and sewer and we need a fire station. Unless there is a road map for infrastructure, there should be no discussions of parcel taxes because we will actually need a parcel tax because our roads are rated at the worst rating possible and they only get worse over time unless they are repaired. In addition, the fastest way to generate revenue would be to increase sales volume at existing businesses. If you increase sales volume with existing businesses, it would generate almost \$1 million a year. I am wondering why there is zero focus on working with the business community to ask them how the City can support them to drive customers to their businesses. The third point is that if you want to drive density, you should not do it willy-nilly. You should look at large plots like the vacant CVS and you should be having meetings with commercial real estate developers saying, how can we change our zoning for mixed-use and build housing because that big-box, stories like that are away of the past and you would not want something like trader joe's there because it will put the other stores out of business. You need to start looking at development opportunities and changing zoning laws where it makes sense to build more density. If you want more people to do density by design, not by throwing in tiny houses. We do not get those impact fees and that would not generate any revenue. It only brings more citizens in for failing infrastructure.

Jay commented as follows: I have been a resident for close to 20 years. I appreciate the work that's gone into that and the scenarios, but I don't understand the revenue forecast scenarios specifically for parcel taxes, property taxes, what are the assumptions that are made? This is a question I hope somebody can come back to. Is there an assumption of new properties being developed, residents with low tax bases leaving a new residence coming in and paying more? How are you contemplating revenue streams from existing housing properties and those comments, additional property development?

Steve commented as follows: I want to thank the City for this report. In many ways, this is what the consultants should have produced. I do not envy your task, it's a hole the City is in, and it's a pretty dire one at that. We may get more revenue, that is a big question. I do have a couple questions. When the hotel was approved many years ago, it was forecast to generate \$300-\$400,000 a year. In 2026 at the current TOT rate, it's forecast to generate \$982,000. What kind of room rates or occupancy levels made that estimate more than double? The next question is, was there any increase in the sales tax forecasted with the new hotel? We assume that we are going to get a pretty good increase in sales tax. It's not just TOT. A comment, last time we talked about this, there was a mention of a cannabis tax increase. That appears to have been dropped from any of the options. Then a final comments, it really seems like it's prudent not to count on the new hotel in terms of our revenue projections.

Linda commented as follows: Thank you for your insightful comment. I am thinking that it might be a good idea just to re-evaluate, whether a hotel ought to be there or could be put to better use. The hotels will bring added traffic and more impact on infrastructure. Water consumption, and bring more radiation. Anyway, they are in denial, but the fact is that cancer is now one out of two people. The impacts of having more are not being looked at. So along with traffic, that's more pressure on traffic control, environmental impact bid there was a traffic study done, did anybody care about it? To get the Barlow? I'm just saying you ought to go back. You wanted to make money out of that. Frankly, I think it would be good because of the clear moneymaker, with the cancer oncology center because that's two of us and a lot comes from wireless mandates, cell phones.

Robert commented as follows: Along with those themes in terms of revenue and budget, we found out that there is additional money that has come into the picture that may have been sequestered not counting the budget process. As you look at things like property tax, for a 2% increase, when I look at our audited financials,

that revenue has increased to something like 8.5% over the last three years, that's gone down to 6% which is well over that 2% rate in the process. I think it would be helpful to understand exactly how we are getting to these numbers as opposed to a wide swipe of 2%. This is another one. We only had one year where that was and yet we are budgeting or 3 to 10 percent decline in sales tax revenue. Over the last 10 years, that has gone up annually about 8% and in three years since covid, it's over 12%. We are budgeting at a decrease. There may be a good reason, I don't know, but add those together in the intergovernmental category and you now have a balanced budget with the numbers you have going forward and the new proposal and we've got a balanced budget going forward. It may not be as dire as it looks.

City Council Discussion/Deliberations/Direction or Further Comments:

Mayor Hinton commented as follows: One question I thought was interesting, a member of the public brought up old estimates for the new hotel for the \$300-\$400,000 range and now they are much higher. I have to say as long as I've been on the Council I have not heard that. I've heard more in the \$500,000 range. Can anybody on staff address that? Do you know what were the original estimates and why those new estimates are much higher? Maybe when we were talking about that, we were not sure how many units, so maybe we are more accurate?

Director Kwong commented as follows: Your recollection is correct because those have never been, if the new hotel comes into town, what is projected in the staff report is the nightly rate is at \$400. The hotel number of rooms is 66 rooms, as I was aware of. The occupancy rate is at either 12 or 14% TOT rate. That would equate to 900K, plus or minus.

Mayor Hinton commented as follows: We can appreciate those estimates. That's just personal feedback. We did have a number of people with increased sales. Do you know how much we spent in the last three or four years on what I call redevelopment funding with commission and relaunch? Do we have a sense? Of what we spent for what I would call business initiatives?

Director Kwong commented as follows: I do not know the exact bid that's also about the same amount, over six figures.

Mayor Hinton commented I think around the hundred thousand is my recollection. Are we talking about \$350,000?

Director Kwong commented I don't believe it was that high.

Mayor Hinton commented as follows: I'm just curious because I just want to bring up that we have done business initiatives in the last three or four years and I don't remember how much we spent on those. That definitely was what those were at. We were talking about the hotel and then, someone did talk about, I understand there was a mistake made. It sounds like we have addressed it but I did want to point out for the public that we have received from our auditors, the distinguished, the government finance officers association distinguish awards regarding our budget process for at least the last four years, maybe longer.

Director Kwong commented as follows: Part of the process is that we go to that budget and we have auditors come in. We do, we have, we received both awards, we received the financial statement. We also have your comprehensive financial statement and then we receive the award for the budget process so we see both.

Councilmember McLewis commented is there any metrics to measure what CoMission did.

Director Kwong commented no.

Vice Mayor Rich commented as follows: There was a mention of the need to look at expenses, the need to consider ideas, a comment that some of these ideas had not been fully explored. I just want to remind everyone that that is the point. This is the first stage in a lengthy and hopefully educational opportunity. The expectation is that all of those things will be explored.

Councilmember Zollman commented as follows: As far as looking into expenditures, we would need to figure out how we can look into that or if there is just no possible way. We have explored every option over the last 20 or 30 meetings. We are looking for your guidance.

Councilmember Maurer commented as follows: I am not really a big fan of the sales tax increase. We are at 9.25% and if that does pass, then our tax will be 9.75%. If we do have to send on top of that, that would be 10 ¼%. When it comes to the sales tax, I think that we need to wait until after the fire services has their vote. If it does not pass, then we can reassess. In terms of property tax would think that a property tax, specifically for fire services, \$275 for fire services, because all of the surrounding jurisdictions have a tax, a property tax for fire services. If we merge with gold ridge, our residents would automatically be taxed whenever gold ridge was taxed. If we merge, same situation and it's around 250 or 275. I would be comfortable putting that before the voters. The property tax tied to the fire services. I am interested in finding out more about that vacancy tax and I am definitely interested in the idea of having more events. I think that event create community vitality and raise money for the City. We had four events. It was a project we were doing. We had four City sponsored events. I think that we can do better. So. Anyway. I'm interested in a lot of these, the list of potentials. I'm not in favor of the UUT tax. Utilities are something that residents pay for and we do not need to jack those prices up. I would not feel comfortable doing that. The TOT maybe 1% and I don't even know if that would be worth doing because there is a cost for that. I am not ruling it out but I definitely do appreciate looking at how to raise money and I think it is important. It's important that you brought it to us, especially getting that hotel going. I think that's important. I don't know if this would raise money, but my idea was to allow local businesses and events to advertise on the City website, paid advertising. If you had an event coming up, you could pay on the website and as long as it was local, I am not sure how lucrative that is. Can the City Attorney address the legality of that.

City Manager/Attorney McLaughlin commented as follows: We've heard things similar to that and we were taking a look at it in the past and public taxes to pay for our websites, et cetera. We only promoted things that were Citywide. Your scenario is that they are paying for this so we could take a look at that. It is not something we have ever considered because, public money is paying for the website.

Mayor Hinton commented as follows: My bottom line, without a new hotel, that raises \$95,000 which is like a drop in the bucket. The UUT tax raises \$320,000. Again, a drop in the bucket. The property tax, I hesitate to add property tax unless it is something like fire service, where they are providing a service to the property owners and therefore the tax makes sense to me. It's not a surprise. I brought a tax measure forth in July. I am in favor of the sales tax measure. Ideally, I am in favor of no new taxes as a rule of thumb, but I do not see how we get out any other way. I do not feel like I can count on the hotel. I ran for office. That was in 2016 and we are seven years later. I would love it if maybe that gets built and it will solve some of our financial problems that I am not willing to bet my next vote on it. I have to say that I like no new hotel item three. I feel like I want to say that I like something, I really appreciate that is a lot of work and I think that we have to go and ask our citizens to support something and I really do not think on \$100, \$.50 is a lot. I know that so many people say they don't live in City limits, but they would be supportive of contributing to the services that they like. It's like math, how do we get out of it? Sure, it's great to say okay, we need to encourage business, I agree. I am pro-local shopping, but we just can't make up enough fast enough. That's how I feel. I feel like we done these initiatives. I supported them all. With trying, we talked about everything from part-time economic development, we decided to invest in an

outside consultant who was local and have local experience, and that is where we put eggs in the basket so I feel like we have done that and it is very hard to get results. I can't really find my words, but what were the results of the money be spent? I've been in the media business for 25 years. I always say that if I had a crystal ball for every dollar spent and I could prove that they came from advertising but that is generally really hard to add on. I have to say, I am still convinced we need to go out for sales tax measures and to solve our problems, it needs to be this half a percent. I think that, that is the easiest way for all of us that have rising expenses and that it could just be a little bit and we would not notice it as much and everyone could contribute that uses Sebastopol.

Councilmember McLewis commented as follows: I cannot say that I would support a parcel tax just to support the general fund but more for infrastructure and fire. I think that having watched the Council for a number of years, I was beating this drum a few years ago. I just think that if we are going to go out and we are asking for tax and in order to be willing to vote for any kind of tax measure, I would like to see us as a Council put our feet to the fire and define what it's going to be used for because when we talk about in the past, we have pet projects. These things really mean something. The only way I would vote for something like that is if we truly looked at our capital. I understand that we need to become flush and we need to look at that and figure out what we have and have a very definitive plan. We need to sit down and figure out what our priorities are as Councilmembers and then take that in addition to what we know we need and look at that and see what we can do because I think that our tax, the people paying these taxes really need to see what it is because, I mean, I was looking at different tax rates. Our tax rate will be higher than San Francisco, Palm springs, Beverly hills, places where it's much more expensive to live but here we are in this situation and this has happened over the last decade. I watched it. I just cringe when I think that we wanted to tell people they need to pay over 10% in tax and even if we raise the tax rate, if we don't have people spending money, it's a moot point. That point of bringing in more volume, we do need to figure that out and I know we have hired people, but maybe we need to reassess. They were not the right people. I don't know what the solution is that we need to figure out how to bring more volume of events to our square. I'm learning a lot more about that, so, what do we need to do to bring net volume in here? If we increase the tax but don't have the people spending the money, I mean, it does not help us. I do, I support economic development and I would like for us to be very proactive. A couple years ago, we did a survey with the business owners and what they wanted and part of what they wanted was to see how the City could help them bring in more business, more customers. I would be curious to know if they still feel that way. I assume they are. I've been talking to people on my own. Business is down right now by 20% for a variety of people. I would like to see, somewhere along here, some plan to reach out to business owners and figure out where they are at and take their pulse. Take the pulse of the business owners to let us know how they are doing because again, we need volume, we need people to spend that money. As far as all of the options, I feel like I would like to spend more time on them and really understand all of them but again, before I can vote for a tax measure, I really want to have a very clear idea of what would be spent. That is where I am at with this right now. I was just thinking, as far as this list, I'm not really into exploring the tiny homes. I'm not sure how that would help us at this point. I think we should consider the EMS reimbursement. We received that in January, we got a public comment about that I used to do medical billing so I have some knowledge with that and I think that we need to explore that. On my street alone, we have the fire department there almost weekly for residents who fall. I mean, weekly. Those are the types of things that I think we could look at and maybe it's a drop in the bucket but if we change our policy, if we take away at these expenses we are incurring, I'm not really into exploring expansion of vacation rentals. We already have the housing crisis. I am not sure that that is the way we need to go. I really think that we need to assess our formula business ordinance, I mentioned that with the different Councilmembers and I think we need to look at that but I think that we cannot be our own worst enemy and can't say we don't want to change and yet we need money. It does not make sense. It's contradictory. You have to have businesses making money. That is what we are talking about. To limit ourselves to the point where we cannot have anyone in here that is formula in the downtown, we need to reassess. Those are the top things I see.

Vice Mayor Rich commented as follows: I have been trying to keep a list and what I heard to be added to the list was investigate supports or partnerships with local businesses, consider a cannabis tax, consider paid ads on the City website. Not particularly interested in vacation homes or tiny homes. I think that other than that, I have not heard any new ideas added to the list. As a general observation, I think that this is an excellent discussion as a first pass. I appreciate the fact that we are hearing that more time is needed to consider these options. I will make the observation that it would be great if we did not have to do the sales tax and did not do UUT and did not do TOT or reduced it to 1%. The numbers don't lie. I think that if we are going to dig ourselves out of this even with, let's pointed out, even with the additional one-time amount that increased our reserve coming into this fiscal year, you still see the same outcome which is 2026. We got \$400,000. Nor do I feel like we can rely on the hotel, but there's a push forward to try to do everything we can on multiple hotel fronts without going into specifics. I still feel like we need a half percent sales tax and I'm in the same boat I heard Mayor Hinton mentioned. I did want to say that I did ask the question if we wanted to go out for sales tax or other tax measures in March of 2024, what is the date the City Council would have to make the decision and that date is December 8th. That's my understanding. I would, that I, personally see a tandem argument that could go out to City of Sebastopol residents, that is a solution for fire tax, a solution for the City, half percent for the fire tax, half percent for the City, sporting both as a package deal and have heard a lot of support from local businesses for a sales tax. I think there is an opportunity that we could discuss at some other point but for the moment, just understand that December 8th is the day we would have to make a decision.

City staff commented it is a special election for March 2024 and the deadline for submission is December 8th 2023 to the County. The next general election is November 8, 2024.

The Council discussed the list and there was no consensus to address tiny homes or vacation rentals.

Councilmember Zollman commented as follows: I think that the survey, even though a lot of people hated it, the half percent sales tax, yes, I am persuaded by the numbers of that study and it does seem like a fair enough way to be able to tax all people that consider Sebastopol to be there home, those that live here and those that use this as a regional place to shop and I am also interested in if we were going to do something about a parcel tax, then yeah, maybe we should delineate it. I don't know, but maybe it would be good in addition to doing a half percent sales tax or come up with a specific amount for the parcel tax but delineate that. I am not entirely sure that that half percent sales tax will get us to where we really need to be as the years progress. I am definitely in favor of that and I am in favor of doing in March, sooner rather than later. We had a lot of naysayers before but the naysayers need to look at the numbers. The numbers do not lie. We all owe a duty to the City to make sure that it is a success and that it does not go bankrupt and the county does not absorb us.

Councilmember McLewis commented as follows: I wanted to know if part of these discussions can be, what infrastructure is our priority? We have so much, so is there a way to understand better from engineering, whoever, what our priorities are so that when we look at these parcel tax whatever, we can actually look at the real numbers and understand what we need to ask for? If we do not have a real sense of what our top priorities are, and we go out for something and it's not enough, then we do not have enough grace to look back and say hey, we need more. I think that part of that discussion needs to be hard facts on numbers and honestly, hearing about this deferred money, I don't have full faith in these numbers that we are seeing all the time. I look at it and I think if they are changing all the time and you have to constantly figure out, back into it, it's not a clear story, to me. That's another challenge I see having a real idea of what needs to be spent and what is that priority? Even if we were looking at that, so we can get a real sense for where we are at, to me, that is reasonable.

Vice Mayor Rich commented as follows: I wanted to echo that. I think that if we are going out, it is a trust issue. We need to go out to the community with an explanation of why. I just realized that we talked about

expenditures. I made a complete list of the cuts that we worked with, and independent list, and it's amazing what was cut. I think there is an opportunity for an FAQ, an educational piece, for informing the public, and looking deeper into what are the goals and what are the necessities to justify it? And, there is a need to do an FAQ, answer questions, get information out there, and do a deep dive into the goals and what the justification is. That needs to be part of what we communicate and it is time-consuming to do that, but I do not think that alters, unfortunately, the final need. I think that the half percent sales tax personally is what is needed, especially since we don't have additional expenses. I agree with Councilmember McLewis in principle, that it is important to communicate the why.

Councilmember McLewis commented as follows: It's not just the why. If we don't have a solid number and a grasp on what it is that needs to be taken care of, then we can agree on principle but at the end of the day, when the rubber meets the road, if we have to go out and say this is what we need and it's not enough, then what? I don't know. I am more about making decisions based on facts. I do not want to put my eggs in the hotel basket. We are obviously short. Every spreadsheet shows that we are short. I think we go out with something and it is true, if the new hotel was not to be built, we might have to go back and say, guess what, you know, this is not happening. If the new hotel, if we were task enough up front and gosh, a hotel or some TOT came in, I think we would be in a good place. It may not cover all of our infrastructure needs for the roads or a new firehouse. That's another track that we talked about, and like I said, if we were looking at that I am more in favor with Councilmember Maurer of the property tax. Paid departments around us have one and we don't need whether we were to combine or stay independent to build the new firehouse we would have to be looking at that as a separate situation.

Mayor Hinton commented as follows: It is multifaceted and I do not think that we can rely, one thing will not solve all of our problems but we do have to do something but I really believe we have to do something. Waiting is not a solution.

Councilmember Maurer commented as follows: I wanted to state that I would not be open to a half cent sales tax on the ballot in the spring because that would feel like competition with the county fire department and they do not want us to compete with them. I would consider doing a property tax for fire services at that time and we could say it will complement it because it would, whether or not that fire service, that buyer tax passes on the county level. If we have one for our property taxes, it would complement whatever, if it did pass. We need to talk about that more. I am not comfortable doing the sales tax at the same time that the county is doing the sales tax. They came to our meeting and spoke to us and pleaded with us, please do not put a sales tax on the ballot and I am sensitive to that. I feel respectful for what they are trying to do and I would not want to compete with them.

Mayor Hinton commented as follows: I would not be in favor of putting a property tax on that same ballot. I do think that that would be much more a competition, to have a fire tax from the county on any property tax for fire, and it does not solve our long-term problem, which is that fire is one part of the budget but it is not the whole budget. We have problems in a lot of areas. We are making staff cuts. We are not funding our nonprofits. That still pains me, that we cannot support our senior center, all of these vital services that this community, because we do not have the parks and rec's department. The chamber when we talk about events, the chamber helps us to hold events and we are not supporting them. I just, fire is one thing.

Councilmember Maurer commented as follows: We can wait until next fall to do the sales tax. See how the fire tax goes and then we can wait until the next one.

Councilmember McLewis commented as follows: I hear what you are saying and I, too, would like to support all of the nonprofits, but therein lies the problem. My priority is doing what we were supposed to be doing with

taxes which is fixing our roads and fixing our water into me that is a priority, so that is why I think it is important for us to have that meeting of the minds where we figure out what our goals are. While I would like to support the nonprofits, more importantly, I would like for us to take care of what we are supposed to take care of first with the taxes and that is doing all the infrastructure. That is where we part ways. There are many things we agree on and I understand these needs, before I can get on board with it, I just need to see that we have clearly defined what all of our priorities are and figure out what that is moving forward. Again I would like to support all of them, but the fact is that a lot of the nonprofit have other means to collect donations and such and we do not have that. Any money we bring in, we really need to fix the infrastructure.

Mayor Hinton commented as follows: We have only given \$100,000 out of our budget to nonprofits so I am not by any means lobbying for more than that. Obviously, there's a lot of other needs, but they are part of it.

Vice Mayor Rich commented as follows: It sounds like we need priority setting, goal setting, we've been talking about that. One way or another, we have to come to terms of our goals and I agree with that and I'm really pleased that this discussion has started, because we have to go to the discussion in order to get our coordinated voice to the public. I appreciate the comments.

City Council Action: No action taken. Council provided comments.

Minute Order Number:

9. Discussion and Consideration of City Council Committee Assignment for Budget Committee and approval of Budget Committee Process (Responsible Department: City Administration/Administrative Services Director)

City Manager/City Attorney McLaughlin presented the agenda item.

Mayor Hinton opened for questions.

Councilmember McLewis commented as follows: Can the City Manager explain why he thought this was too cumbersome and when we talked about the full Council reviewing the budget as a whole? Can you explain why, rather than having two eyes on it and then five, how does that change?

City Manager/Attorney McLaughlin commented as follows: I'm just repeating the comments of the Council at the time that made the change to the formal budget. The Councils were quite frustrated with the large number of meetings that were necessary for them to go to the budget, which had not been seen by any until the agenda item, so they required this explanation from every department, basically, going to the budget line item by line item in a public meeting at the City Council level. The Council got frustrated with that, and our Mayor suggested that they form a budget committee to do that heavy work pin down, that work has become heavier and heavier and that is why this is before you this evening. They did not like the excessive number of meetings that were required to go to the budget.

Councilmember McLewis commented as follows: I am all about best practices, is there a best practice that is recommended and is this what it is? I'm asking because I don't know that answer.

City Manager/Attorney McLaughlin commented as follows: I'm sure there's a best practice. Normally the City Manager prepares the budget in most cities, is my understanding. In the scenario again, the City Manager is responsible for going through every department, budget, line item by line item and be prepared to explain the work that was done and what was cut, what was left in, why, et cetera.

Councilmember McLewis commented as follows: I was just wondering the difference, if there were any recommendations as far as two first and then five, I was just trying to understand if there were best practice recommendations for how it goes with so many other cities.

City Manager/Attorney McLaughlin commented as follows: Way back when, I found the budget committee process very workable until the budgets became too complicated. I do think that there is a need for a budget committee, which is my opinion based on my time here. There's a need to do that more extensive review work so I think that that would assist the Council . Best practices, I do not know what their roles are. As you heard from consultants tonight, trust, et cetera, finance committees, City Councils often do appoint committees of City finances.

Mayor Hinton commented as follows: I feel like I can jump in because I have taken an informal poll with others many times, before it comes to full City Council. That's practice in Santa Rosa, and Petaluma, but I do not know, that's the way it was done and has not been successful.

Mayor Hinton opened for public comment.

Kyle commented as follows: Currently the City is actively seeking the role of City Manager and that position closed in September. We have yet to hear any of date publicly about that role and here we are tonight asking for a radical change in our budget process that would involve an active role of somebody who would be working for our City that we do not know, nor do we know if that is the expectation for that individual was a part of the hiring process, in current discussion, or as part of their budgetary experience. While I appreciate the need and looking for direction, I think that we have a bigger decision to make as in who is going to be our City Manager moving forward and as a result, we could then look to these changes in our budget process moving forward.

Linda commented as follows: You all have good comments and I just want to share something that Mary told me, that apparently not a lot of people are applying for government positions these days. That is how we got a position with the fire department and apparently there are not a lot of candidates. That's pretty important to have somebody that knows the town but anyway, about the money. In order to manage money properly, you have to go back and take a look about management in the past which I mentioned a few times, that \$5 million that should never have been spent because they did not know where it went and we still do not know where it went and apparently they have no curiosity or interest along with the \$2.2 million. We need to go back. They've been sued multiple times and they need to be held responsible.

Oliver commented as follows: That's very on point, what Kyle said. The new City Manager may have a really good grasp of this but this is a small City, small budget and I know that there are layers of bureaucracy and I appreciate all the hard work the budget committee did but as I said, the revenue figures were significantly suppressed and I'm not sure why that was, these audit accounts over the last 10 years. I did ask in my previous comment, about the budget for this year but no one responded. I think that my preference would be on the personal level for the new City Manager to be running the budget and then to the general public and that would be a lot more streamlined and efficient. If we are going to go with another budget committee, I think that Councilmember Maurer would be the next person because I think she has a good grasp of numbers and looking at this intelligently. I think we spent close to an hour resolving the fact that there is no money, so I just don't know.

City Council Discussion/Deliberations/Direction or Further Comments:

Councilmember Maurer commented as follows: This is my point of view. Based on what we read in, this is a dire situation that our budget is in, and we are in an emergency situation. I think that we need all eyes on the budget, so, that would be going back to a process where the City Manager would go to staff in each department and go

back to full Council and it would take more meetings than what we did the last few months, it would take more meetings, but it would also, the benefit would be transparency with the public because as we are going over these budget line by line, the public is also having their eyes on it and their ability to comment on it so the transparency aspect of doing the budget that way is huge. I know that we do have the budget committee is videotaped but it's also at a different time than a regular Council meeting. I would suggest that, so that is my thought on that but before, before the budget comes up, we need to set goals, very clear goals, so that the new City Manager would know where we were going and what we wanted to do, maybe five, simple, specific goals. I know that this was done in the past. Our City Manager was expressing that earlier, that this was a process in the past and we have three new Councilmembers here and I think it would benefit the City to do the budget in a full Council point. I also recommend that we maintain the ad hoc the revenue enhancement purposes so you can dive deeper for that purpose but then do the budget as a full Council. I think that is what I would like to propose.

Mayor Hinton commented as follows: I think that as I mentioned, I don't know if it's a best practice, but I do know from talking to others and other Councils at least in Sonoma County that it's common that the City Manager works with the Mayor before full Council. I think that because our meetings are recorded, they are fully transparent to the public and it has gone through the minutia and we do have a new City Manager. So, I think we should continue with an ad hoc. I would like that support, that would fall to the City Manager who is best equipped to not only meet with his department within the department head and then they would come up with a budget that that person implements. I guess that is what I am going to say and I would even go so far as to volunteer that.

Councilmember McLewis commented as follows: The idea to have more eyes on it, first of all, I'm happy to see that this is reassessing how it's being done and I think that we should empower the City Manager to work with that, so I'm very glad that you brought that back. I do like seeing these ideas that, we are in the situation and having more transparency, so to be honest, I like the idea and I understand it takes more time. I am not willing to argue about that all night with everyone, but just looking at what we are facing in the story we need to tell, again, convincing the residents that if we were to bring that tax forward it's much easier when they had time to digest it. I know that they have been recorded, I watched all the recordings last year, but not everybody is able to do that. Talking about it at the Council meeting, whether it was four instead of two, I'm okay with that. I do want to say that I would prefer again, not to bring it up, but I would like to be able to spend a little more time when we do review a budget to going over more of the capital projects and infrastructure because I feel like that is one of the things left, to the end, we are tired, we go through it. I would like to assess that because we are in that situation and maybe, I don't know how, I do not recall how much time was spent in the past but at any rate I like the idea of adding more eyes on it. I know that, when you go through everything and did your process with the three of us, when we made some changes to it, I know it seems like you felt like it was personal. It would not have that same impact on any two Councilmembers who feel like they put that time in. I personally would like to bring it back to all five if that was possible.

Vice Mayor Rich commented as follows: I still think that the new process being proposed, I still feel that that's an excellent decision and I think that keeping the budget committee in place is a real strength provides a lot of flexibility. I am personally not concerned about this full count being hindered in any way in this discussion by the existence of a budget committee that first looks at some issues. This is an engaged Council. So, I am still in favor after discussion and listening to comments come in favor of what is proposed in the staff report. I have a question that we have heard from the Mayor, that she is interested but we do have two new members who may be also.

Councilmember Maurer commented as follows: I'm willing to serve on the budget committee and if the Council does not agree with a committee, to have the budget come back for the Council.

Vice Mayor Rich commented as follows: Even if this process is what is supported, you would still be interested in being on the budget committee.

Councilmember Maurer stated yes.

Councilmember McLewis commented as follows: I truly appreciate your eye on details of the last meeting with slides, you spend the time going to the numbers. I truly appreciate you doing that. If you are interested in it, I am okay with that. I would support it.

Councilmember Zollman commented as follows: I want to echo with the Vice Mayor said. I'm happy to work with anyone who wants to be on the committee.

Mayor Hinton commented as follows: I am fine with the will of the Council. I will say that that is not necessarily in this routine, we do have a Councilmember that's new on the committee, so just, for me, people have a really good grasp but we need to consider that in the budget. If, Councilmember Maurer, you want to step up and take the home, I'm happy to support you. I am concerned, as I have stated, that we need to do something quickly. If that is the will of the Council, I would urge you to move quickly toward a solution of recommendation. In the near future. I would ask you to serve on that with all of the options while we make our opinions in the full Council vote. I know that you've stated in that, to see that option on the table, to be fair. I think that that is what we need to tackle to make an informed decision. If that works for you guys, it works for me.

Vice Mayor Rich commented as follows: So, I look at where we are. I've been a real supporter of this concept of a senior person and a new person. I look at where we are right now with a crisis, and I have to ask myself, is what we need right now, because I am in conflict, as a City Council we want to have the right people. Do we in fact right now, lead our most experienced person on the budget committee with all of this stuff going down, is that important? I do not know the answer and it's going contrary to her my thoughts were going. I do not want to discourage anyone but that's partly why I asked if you wanted to step down right now because you just brought forth an item that you are very versed in. I am not versed in it. I just feel like we had different feedback on that so I am like, do we really need to make the budget subcommittee change right now to vet out a possible run in march which you brought up as part of that agenda item? I think that we need a change. It's not just a month. There's a lot of things that need to be inquired into. Right now, we have this report that really is captured in the work of the budget committee on potential revenue options. The deeper you get into it, the harder it is to transition out. My feeling is that it's time, and I think that the question for you is whether you feel like this is the time for you to leave it to the budget committee. I think it's a fair question.

Councilmember Maurer commented as follows: I do have interest but I am willing to step aside.

Mayor Hinton commented as follows: I would just like to say that if you both are taking it, I am interested in getting feedback sooner versus later on what was presented tonight.

Councilmember Zollman commented as follows: I think that the Vice Mayor and I were sharing thoughts on the fact that yes, there is a sense of urgency and we should do something and whatever we do, it needs to happen sooner rather than later, so that was the thought and whoever wants it or has the time to do it, I think that they will be fine. I do agree on the fact that we need to come up with something. We owe the public something in reference to that date and if we are not, coming that date, I think that that is a disservice. I do want to have something in reference to that date.

Councilmember McLewis commented as follows: I want to express support for Councilmember Maurer. We've been on a committee together, and the detail that you have gone through and that you brought forth things that you know, I truly believe that you have the ability to go through all of that and really come back with good ideas and to be objective about it and bring back that. I really do think that, so I wanted to express my support.

Vice Mayor Rich commented as follows: I would echo that. I think that the role of a committee is to bring it all back to the City Council and anyone who is sitting at this table, one of the wonderful things about this particular City Council is that we disagree on various things but I absolutely trust everyone here to bring everything back fully vetted to all of us, for all of us to consider and that has been my experience. I think that is great and, there is something about, which you probably already know but I did not learn until I was in the budget committee about being on the budget committee, that it forces this level of understanding that then will contribute for all of us and you are person who is educated about all of these things, so then you add your voice to decision-making. Mayor Hinton knows this stuff . Councilmember Zollman knows this. I do. Now you are going to be an expert and then we just have to bring in Councilmember McLewis.

MOTION:

Councilmember Zollman moved and Mayor Hinton seconded the motion to continue the budget committee; appoint Councilmember Maurer to the budget committee; and approve the Budget Committee Process Policy.

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

City Council Action: Approved the continuation of the budget committee; appoint Councilmember Maurer to the budget committee; and approve the Budget Committee Process Policy.

Minute Order Number:

Due to Council protocols, the meeting was adjourned due to the lateness of the hour.

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.

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

10. City Manager-Attorney/City Clerk Reports: (This will be either verbal or written reports provided at or prior to the meeting).
11. 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)
 - a. City Council Liaison to Unhoused (Vice Mayor Rich/Responsible Department: Planning)

City Council Action:

Reference Order Number:

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

13. 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 17, 2023 Meeting will be adjourned to the City Council Meeting of November 7, 2023 at 6:00 pm.
(In Person and Remote/Zoom Virtual Meeting Format)

Mayor Hinton adjourned the regular City Council meeting of October 17, 2023 at 10:45 pm.

Respectfully Submitted:

Mary Gourley
Assistant City Manager/City Clerk