

City Attorney

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



Agenda Item Number: 5

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 November 7, 2023

As Approved by the City Council at their regular meeting of December 5, 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 6:06 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
Administrative Services Director Ana Kwong
City Engineer Mario Landeros/Toni Bertolero (GHD)
Planning Director Kari Svanstrom
Police Chief Ron Nelson
Public Works Superintendent Dante Del Prete

STATEMENTS OF ABSTENTION BY COUNCILMEMBERS (Use of Online Attendance/zoom/): None

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

PROCLAMATIONS/PRESENTATIONS:

The following were presented:

- Erik Billing – 10 years
- Marc Simpson – 30 years
- Mike Simpson – 30 years
- Steve Thibodeau – 40 years
- Proclamation – United Against Hate Week – November 12-19th 2023

Reference Order Number: 2023-236

Agenda Item Number: 5

City Council Meeting Packet of: December 5, 2023

7120 Bodega Avenue, Sebastopol, California 95472 Tel. 707.823.1153 Fax. 707.823.1135

www.cityofsebastopol.org

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.

There were no stated conflicts of interest.

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.

Barbara commented as follows: I am here to request Sebastopol, also known as Peace Town, to issue a proclamation that calls for the cease-fire in Gaza. With such a proclamation, Sebastopol will make a vital contribution to the international call for an end to Israel's collective punishment of Palestinian civilians. This proclamation will confirm the reality that municipalities in the United States have a role to play in preventing a possible third world war. President Biden and most of the Congress continue to support Israel's bombing of Gaza despite the fact that over 10,000, way over 10,000, today, Palestinians have been killed. Substantially more than half were children and women. The number of those still buried under the rubble is unknown and it is over 25,000 people, human beings. 45% of Gaza is housing is in ruins. Of the housing that remains, over 212,000 units have been partially destroyed. Along with 253 education facilities, 25 ambulances, and 20 water sanitation and hygiene facilities and those numbers are, again, up today. 14 hospitals and 51 healthcare centers are out of service. These figures are increasing with each hour of bombing. Shelters for the refugees are being bombed. Medical staff and humanitarian volunteers have been killed. They wait for three, four hours for half the daily portions of bread allowed in Gaza. These findings have been reported by the United Nations, mainstream media and media resources locust on the middle east. Please help end the destruction and the deaths by issuing a proclamation.

June commented as follows: I just heard the comment, and I would support Sebastopol making a statement, passing resolution calling for immediate cease-fire to all the armed hostilities by all sides, occupied territories especially in Gaza and Israel. What we see is so tragic there, just the scale, the onslaught of the bombing and the scale of it, and the collective punishment of the civilians, just now at a scale of genocide. I think it is important that Sebastopol encourage negotiations between the sides for working toward the release of the hostages. Many of the families of the Israeli hostages, they are fearing for the lives of their family members with the bombing and onslaught, hitting Gaza. They are supporting the idea of having a prisoner exchange. So, we should be working towards diplomacy, supporting that, speaking out. Every life is precious. It is important that Sebastopol supports the dignity and safety of residents in every community. Encouraging diplomacy and people knowing that could be possible and that we could work toward freedom and equal rights for everyone who lives between the Jordan river and the mediterranean sea. It is important we make the connection and speak out.

Jeannie commented as follows: I do live in Sebastopol. This week of united against hate, what a proclamation. We should have more than a week. Hopefully we can celebrate all the time. I have loved living in Sebastopol for over 23 years now. I have felt this to be a loving community. The idea of a proclamation that asks for the end of something that violates every standard of decency is just heartbreaking. I do also encourage looking at a proclamation that could come from the community.

Linda commented as follows: I'm going to go back to some of the fine people, like Erik, I know him very well because he has just been a really good source of information about telling me how those stupid wireless water meters work now. Putting them in my hands to explain stuff to me. Speaking of integrity, which is a word that Dante used. Dante could certainly take a lesson in integrity from Erik. I had the pleasure of meeting Captain Marc from the fire department. We have talked on Thursday drills, just happened to bump into one another. He and everybody else are just wonderful people. I appreciate the fire department and our police department. I hope that they retain their independence. I hope that the Mayor and Vice Mayor come around to recognizing how valuable they are. The thing about Hamas. We just do not really want to support the kind of thinking, where they oppress women every possible way that they can. It is all about male dominance. We need to have another global women's lib. What we need to do is support Israel. It is all about male supremacy and domination over women.

Woody commented as follows: Really just want to chime in and sort of echo and support what we heard earlier in support of the City continuing the legacy of speaking out on issues of peace and justice beyond the Sebastopol borders. I hope the City will do it and I hope the proclamation, can just really be a proclamation that is calling for an end to violence, immediately, end to the violence, entering into some kind of dormancy and negotiations for some kind of long peaceful settlement.

CONSENT CALENDAR: The consent agenda consists of items that are routine in nature and do not require additional discussion by the City Council or have been reviewed by the City Council previously. These items may be approved by one motion without discussion unless a member of the City Council requests that the item be taken off the consent calendar.

The Mayor will read the consent calendar items; ask if a Councilmember wishes to remove one or more items from the consent calendar; and then open public comment to the members of the public in attendance. At this time, a member of the public may speak for up to three minutes on the entire consent calendar and request at that time that an agenda item or items be removed for discussion.

If an item or items are removed from the consent calendar, the item shall be placed at the end of the regular agenda items unless otherwise determined by the Mayor or Mayor Pro Tern.

Councilmembers may comment on Consent Calendar items or ask for minor clarifications without the need for pulling the item for separate consideration. Items requiring deliberation should be pulled for separate consideration and shall be placed at the end of the regular agenda items unless otherwise determined by the Mayor or Mayor Pro Tern.

Mayor Hinton read the consent calendar.

Mayor Hinton asked if any Councilmember wanted to remove a consent calendar item.

Councilmember's Request(s): There was none at this time.

Mayor Hinton opened for Public Comment(s):

Linda commented as follows: I would like to know what the subject of each of the closed session meetings are, four, five, six, seven and eight. On number 9, extension proclamation about the homeless emergency. Somebody needs to make a real report about what is happening. People at the RV village, which is only three properties for me, I see them frequently, they tell me stuff. One of the most recent things they told me is they are giving 90-120 days eviction notices. Some of them are sitting out on the sidewalk. Others are knocking on the neighbor doors asking in their drugged state if they could stay at their places. Somebody needs to really report on that. Number 10, the amendment, I think who knew that there was agenda review committee meeting that was open to the public? I would like to have that be accessible by zoom. Going on to number 12, the parklets, I think that need to be removed for further consideration. 13. I am all for supporting the firefighters in any way, but I would just like to know what that specifics are.

Mayor Hinton responded to public comment as follows:

Closed session items 6, 7, and 8 were:

Public Employment City Manager

City Clerk Performance Appraisal

Labor Negotiations
Anticipated Litigation

Councilmember Maurer requested Item Number 10 be pulled from the consent calendar.

MOTION:

Councilmember Zollman moved and Councilmember Maurer seconded the motion to approve Consent Calendar Items 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, and 14.
Item Number 10 has been pulled.

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

VOTE:

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

CONSENT CALENDAR:

1. Approval of City Council Meeting Minutes for Meeting of October 3, 2023 (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes for Meeting of October 3, 2023

Minute Order Number: 2023-237

2. Approval of City Council Meeting Minutes for Meeting of October 17, 2023 – Closed Session (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes for Meeting of October 17, 2023 – Closed Session

Minute Order Number: 2023-238

3. Approval of City Council Meeting Minutes for Meeting of October 17, 2023 (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes for Meeting of October 17, 2023

Minute Order Number: 2023-239

4. Approval of City Council Meeting Minutes of October 20, 2023 – Closed Session (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes of October 20, 2023 – Closed Session

Minute Order Number: 2023-240

5. Approval of City Council Meeting Minutes of October 23, 2023 – Closed Session (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes of October 23, 2023 – Closed Session

Minute Order Number: 2023-241

6. Approval of City Council Meeting Minutes of October 26, 2023 – Closed Session (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes of October 26, 2023 – Closed Session

Minute Order Number: 2023-242

7. Approval of City Council Meeting Minutes of October 30, 2023 – Closed Session (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes of October 30, 2023 – Closed Session

Minute Order Number: 2023-243

8. Approval of City Council Meeting Minutes of November 1, 2023 – Closed Session (Responsible Department: City Administration)

City Council Action: Approved City Council Meeting Minutes of November 1, 2023 – Closed Session

Minute Order Number: 2023-244

9. Extension of Proclamation Proclaiming the Existence of a Local Homeless Emergency. Government Code Section 8630 requires that the Council review the need for continuing the local emergency at least every 60 days until such local emergency is terminated.

First Proclaimed: November 30, 2021

First Extension was approved January 18, 2022

Second Extension was approved: March 15, 2022

Third Extension was approved: May 3, 2022

Fourth Extension was approved: June 21, 2022

Fifth Extension was approved: August 2, 2022

Sixth Extension was approved: September 20, 2022

Seventh Extension was approved: November 15, 2022

Eighth Extension: January 3, 2023 City Council Meeting

Ninth Extension: February 27, 2023 City Council Meeting

Tenth Extension: April 18, 2023 Council Meeting

Eleventh Extension: June 6, 2023

Twelfth Extension: August 1, 2023

Thirteenth Extension: September 19, 2023

Fourteenth Extension: November 7, 2023

Proposed Extension Needed within 60 days or (January 2, 2024)

City Council Action: Approved Extension of Proclamation Proclaiming the Existence of a Local Homeless Emergency. Government Code Section 8630 requires that the Council review the need for continuing the local emergency at least every 60 days until such local emergency is terminated.

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Eleventh Extension: June 6, 2023

Twelfth Extension: August 1, 2023

Thirteenth Extension: September 19, 2023

Fourteenth Extension: November 7, 2023

Proposed Extension Needed within 60 days or (January 2, 2024)

Minute Order Number: 2023-245

Resolution Number: 6559-2023

- ~~10. Amendment of City Council Protocol Meetings for City Council Closed Session Special Meetings and Agenda Review Committee Meetings to allow for in person meetings only (Responsible Department: City Administration)~~

11. Approval of Amendment of Contract for City Clerk/Assistant City Manager Position (Responsible Department: Agenda Review Committee/Human Resources Consultant)

City Council Action: Approved Amendment of Contract for City Clerk/Assistant City Manager Position

Minute Order Number: 2023-247
Resolution Number: 6560-2023

12. Receipt of Information regarding Caltrans directive to remove the temporary parklet at South Main Street fronting Retrograde Coffee and Sunshine Café and Authorization of Suspension of Enforcement of One Hour Parking During Holiday Season of November 20, 2023 to January 5, 2024 (Responsible department: City Engineer) (Responsible Department: Engineering/Public Works)

City Council Action: Approved Receipt of Information regarding Caltrans directive to remove the temporary parklet at South Main Street fronting Retrograde Coffee and Sunshine Café and Authorization of Suspension of Enforcement of One Hour Parking During Holiday Season of November 20, 2023 to January 5, 2024

Minute Order Number: 2023-248

13. Approval of Resolution Authorizing Application for Firefighter Property (FFP) Program (Responsible Department: Interim Fire Chief)

City Council Action: Approved Resolution Authorizing Application for Firefighter Property (FFP) Program

Minute Order Number: 2023-249

Resolution Number: 6561-2023

14. Adoption of Resolution Approving a Budget Amendment for Bodega Avenue Bike Lanes and Pavement Rehabilitation Phase 1 Project 0513-74.09 and Authorize City Manager to approve contract change orders up to 20% of the contract amount (Responsible Department: City Engineer)

City Council Action: Approved of Resolution Approving a Budget Amendment for Bodega Avenue Bike Lanes and Pavement Rehabilitation Phase 1 Project 0513-74.09 and Authorize City Manager to approve contract change orders up to 20% of the contract amount

Minute Order Number: 2023-250

Resolution Number: 6562-2023

INFORMATIONAL ITEMS/PRESENTATIONS: None

PUBLIC HEARING(s): None

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

15. Consideration of Budget Committee Report Out Recommendations and Request for Direction to Staff (Responsible Department: Budget Committee/Administrative Services Department)

City staff presented the agenda item recommending the City Council Consider the Information presented and provide direction to staff.

Councilmember Zollman commented as follows: I want to continue to express my thanks to staff. There were a lot of scheduling problems but we wanted to get a report out to our colleagues. I also want to say thank you to Councilmember Maurer for offering to come aboard and all of her comments are definitely insightful, so I definitely appreciate that as well. Just by way of a recap to hit some of the high points, the context in which this report will hopefully be offered again this is a follow-up from the last Council meeting when we did take direction from our colleagues as to what they would prefer us to do more in the research. We did do that, again as a reminder to the public, the sense of urgency around this and the fact that if we do not do anything and bring more revenue in or cut costs, essentially by July 1, 2026, we will have nothing in the operating fund or reserves. The last paragraph talks about what we were able to do, Vice Mayor and myself, cutting \$1.5 million. It went through interviews with department heads, in any way we could to cut costs. That moves into page 2, which actually does reflect how we ended up at the \$1.5 million cuts. Departments did the best that they could, and the reasons are set forth there. Also on page 3, towards the middle part of it, it is a reminder that if we do not do anything, we will be facing a \$1.67M deficit at the end of this fiscal year. That is almost where we were when we first started this last budget cycle. Although that started at over \$2M. The forecast again is a little bit further down

the page on page 3. Specifically setting forth where we are with the figures and the reserve levels. I know I reviewed many letters from the public stating the fact that we are good for the first two years. This fiscal year and the next. From at least my perspective and Councilmember Maurer can differ, it is about the years moving beyond that, because you can see this Fiscal Year and moving forward we are down to 3.2% then negative in FY 26-27. The rest of these talks are about what we did at the last Council meeting and pension. As indicated before by our City Manager, the rest of the report on the bottom of page 4 walks through each of the items that we took notes on from the last Council meeting to develop more research and asked staff to investigate and provide more context. I am hoping this helps when we move through this tonight. Last, on page 11, I just wanted to say that these items were touched on, but not in any depth, because at least as of that meeting they were too mature, but I wanted to say that at least in reference to this establish of enhance infrastructure financing for rejuvenating all of the downtown, there is movement on that, but we just need to continue doing the research in order to make a sounder case to either have a recommendation or not. I will turn this over to Councilmember Maurer as indicated, she tracks consistencies after they were submitted for posting.

Councilmember Maurer commented as follows: I will just start with my corrections. If you go to page eight. It is right below item number 7. It says we support the idea of asking that county for support. The support that was suggested for a different item which is to ask the county for support., because Sebastopol supports the senior center, Ives Pool, and community cultural center. I think that is about over \$600,000 in support. These services benefit the unincorporated areas around the City and all of west county. So, the idea was to go to the supervisors and ask the county for support for these items. Stephen added the library, which I had agreed to. That was that. Then on the last page, which is page 11, I do not recall talking about bonds. We definitely did not talk about the cannabis tax. I had printed this out. I actually read this many times. I have to admit that I read it I confess and thought this was a list of things that we discuss and continue to discuss or did not discuss well. So, I will take away from that that I need to slow down and read slower. This is a lot of information. It was a lot of information to read, a lot of information to compile. Specifically, those two items, municipal bonds and the cannabis tax, were not discussed.

Mayor Hinton opened for questions.

Vice Mayor Rich commented as follows: I see the staff report covers a lot of areas. It has been presented in the context of a discussion regarding sales tax. So, I just want to confirm that within the staff report, we do have the sales tax question. Looking for some direction on that topic. In my reading the staff report correctly.

Councilmember Zollman commented as follows: It seemed that was the one where we were most or had the most interest in trying to get further information on. Yes, that definitely covers the proposed sales tax.

Councilmember Maurer commented as follows: Sales tax measure is the only item of all the items we looked at that we did not agree on.

Vice Mayor Rich commented as follows: My follow-up question then is probably best directed to our City Attorney, which is as I look at the various options that were laid out regarding a possible tax measure, there are multiple levels of ways to approach this, but my question is whether we have the option of making a decision tonight on one of the parts of all of these various questions. So, could we within the staff report, within the agenda, all the issues that you pointed out, City Manager/City Attorney, could we make a decision on one item, which would be does the City of Sebastopol have a fiscal emergency? Could we simply make that decision without addressing the rest of it tonight?

City Manager/Attorney McLaughlin commented as follows: Yes, in fact all options are open. As for the way the staff report is structured, you can go from the entire range from making no decision tonight, to giving some indication of where you are moving and having a special meeting later, potentially for a tax measure. You can split the tax measure question up, where, for example, you could consider a declaration of emergency this evening if you wanted to take that part of it up. Any and all, the staff report is set up to be sequenced and decided as to Council.

Vice Mayor Rich commented as follows: Just to be clear, we could declare a fiscal emergency tonight and we could leave for a future meeting the question of whether we are going to pursue a sales tax and what or any other measure what that amount might be or it could be decided at a separate City Council meeting? Is that correct?

City Manager/Attorney McLaughlin commented as follows: Yes. I furnished the chart this afternoon and one procedure in that chart would be to consider a general tax for March 2024. There are two elements of that if you did consider that. One element is necessity to declare an emergency. The other element is to approve calling for the election.

Vice Mayor Rich commented as follows: The key person for me is, if there is a unanimous vote in support of a declaration of fiscal emergency tonight, if the City Council makes that declaration, does that necessarily require that at a subsequent meeting, this City Council has to move forward with the sales tax or other measures no, to the contrary, that is not required at all. So, the Council, for example, unanimously declared a fiscal emergency tonight then subsequently the Council could decline to call for placement of the tax measure on the ballot.

City Manager/Attorney McLaughlin commented that is correct.

Councilmember McLewis commented as follows: Regarding the declaration of emergency, what I would like to find out from the City Attorney is I do not see anything that outlined what are unintended consequences. No real discussion about shadow of a doubt that nothing else that has opened up that they could be shifted around. I just see some things over the years where the City has declared emergencies. There are some things that people do not think about at the time of the declaration so just wondering, are there unintended consequences? If so, what are they and talking absolute, not just, I do not think so.

City Manager/Attorney McLaughlin commented as follows: Discussed for general tax purposes placing the measure on the ballot, we have to declare an emergency. It does not say what kind of emergency. It is assumed possibly the City might declare fiscal emergency, because that is what this entire agenda item was all about. That is our lack of reserves in the future and you're in a large deficit. So that the Council thought it was appropriate, it could declare a fiscal emergency, but that is not the only type of emergency that you could conceivably declare.

Councilmember McLewis commented as follows: I am aware of that, but just wondering are there any unintended consequences by declaring a financial fiscal emergency? Anything that we need to be educated in as far as that?

City Manager/Attorney McLaughlin commented as follows: It has occurred to me the Council would need to make findings sufficient to sustain a finding of a fiscal emergency because we do not know what findings the Council might have in mind and what the packet this evening does not contain is it does not contain a resolution, or a declaration of fiscal emergency laid out finding by finding like you might find in a resolution. You can still do it tonight, but you would have to be very careful to make all your specific factual findings, which could be gleaned from the staff report, conceivably, but you could or would have to make specific findings to support your

declaration of emergency. You would have to make findings, for example, factually about the future year's deficit. So just to elaborate a bit, we have not done that work for you this evening. There is no resolution in your packet declaring an emergency so you would have to make specific findings to do that if you're going to do that this evening. To answer your question, I hope Councilmember McLewis, I cannot think of any downside. You just have to support your decision. Once you do that, you have given yourself the power to take certain other actions by reason of having declared an emergency. As when we declare homeless emergencies, that gives us as you did this anywhere you continue that, it gives us opportunities in the future in the number of various, I now know what they are this minute, but in future decisions, helpful that you declare such an emergency. I think this is in the same category.

Councilmember McLewis commented as follows: That is my concern. Do we have any kind of detailed financial updates, like a quarterly report or something to give us. We have had many meetings where we have discovered numbers shifted, just wondered from the finance side, do we have any updated information as far as taxes? Are we tracking along the way we thought we would? Just curious, property, sales tax? I know a lot of it comes in in November, but do we have any sense of where we are at?

Director Kwong commented as follows: I do not have any information for the revenue for this current year. Like you mentioned, property tax. It is about a month and a half away. I suspect that it is trending how we budgeted it. As far as sales tax is concerned, we did receive two months. For July and August. We do not have September and November and forward. There will be a midyear financial update. That is not until January.

Councilmember McLewis commented as follows: Do we have those numbers somewhere such as the July and August reports.

Director Kwong stated we have no numbers, but we are tracking along.

Councilmember McLewis commented as follows: Discussed Sonoma County Tourism recommendation and removing of the revenue threshold for establishment, but what kind of money are we talking about with this? Does anyone know?

Mayor Hinton commented as follows: I do know what we are talking about what this was presented at the previous or to the previous Council. The tourism bureau pulled this back, because it was not popular.

Councilmember Maurer commented as follows: I think TOT rates are 14%. Sonoma County Tourism takes 2%. I don't know if you decided not to give that to Sonoma County Tourism or if we would actually get that 2% or not. That was something we were asking staff to look into. I do think our TOT income is about \$500,000.

Director Kwong commented as follows: A little over \$500,000; 2% is about \$20,000; a quarter that we collect on their behalf.

Mayor Hinton commented as follows: I would just say I know there are some cities that have decided to opt out on that, but basically, they committed, because it is collected, to commit to a local marketing program for the local operators. I think if you take it, you have to spend it, as indicated for marketing. You are just not in the county marketing program. That is my understanding of that and it was about \$80,000.

Vice Mayor Rich commented as follows: I understand in terms of if there is unanimous support for a declaration of fiscal emergency tonight, is there an opportunity? Could we limit whatever potential unintended consequence

there might be from that to label it or document that the purpose of declaring the fiscal emergency was in order to consider a potential sales tax.

Mayor Hinton commented as follows: Before you answer that, can I answer or ask a question. Tonight in our consent calendar we approved extension of homeless community. It says within that we approved that every 60 days until such time there is not an emergency. If we were to declare this fiscal emergency, and there has been a lot of discussion about what this next year will look like, could we declare that for a period of time? Say 12 months in our declaration, in which case we could extend it, like the homeless emergency, or not extended, because that action would feel like cover is this year. Then we would have options to continue what we are doing right now, which is researching where revenue is going to come from, if we do not have an emergency then just goes away of you know we do not run the sales tax, but just goes away.

City Manager/Attorney McLaughlin commented as follows: Yes, you could declare for a specific amount of time also if circumstances change, then you could bring the item back and declare that the emergency has been addressed and end the emergency.

Vice Mayor Rich commented as follows: The City Manager stated that in order to declare a fiscal emergency, we would need to specify factual grounds for that declaration, correct?

City Manager/Attorney McLaughlin commented as follows: It occurred to me when we were talking about it earlier, about this topic, I did say that the agenda item was set up with no specific limitations on how you take action if you're going to do that, but it did occur to me subsequent to that that we do not have a draft resolution declaring the type of emergency, because we did not know what the Council would choose to do. Lacking a draft of that, then the Council, if you wanted to do that tonight, would have to craft something pretty specific here, verbally, making certain findings to support their declaration of an emergency. Or you could choose to, as we have also talked about, have a straw vote as to whether there would be support for declaring an emergency and if so, what type of tax measure which Councilmembers choose to support so we could get an idea to a straw vote whether there is potential support or not. In other words, justify further staff work and having an attorney present at a subsequent special meeting of the top asking a question then, the declaration, to me they are really kind of separate items.

Mayor Hinton commented as follows: Discussed that these are separate items and that the Council would need legal advice of crafting the resolution and it could return at a later meeting.

City Manager/Attorney McLaughlin commented as follows: Staff could prepare a sales tax ordinance and the Council could draft a resolution tonight with specific findings.

Councilmember Zollman commented these are individual items.

Mayor Hinton commented as follows: Discussed the declaration and stated I think they are separate actions.

City Manager/Attorney McLaughlin stated that is correct.

Mayor Hinton commented as follows: If we straw voted the fiscal emergency, would we need legal advice about crafting that declaration? Would that be the same lawyer we have been talking to about the other matters? Or is that something staff could do then it would come back? I just cannot imagine we could craft that tonight. We would need to run it by the outside legal counsel for elections and taxes.

City Manager/Attorney McLaughlin commented as follows: I think we have the expertise, we have been through this subject matter area sufficiently during the budget discussions, as well as the meeting of October 17, I think staff could pretty easily draft between now and a special meeting, we could draft a resolution declaring and emergency. Council could make comments tonight about what its basis would be. We will take that and craft the actual document for approval at the later meeting.

Councilmember McLewis commented as follows: I know I asked this question of the City Attorney today, but I want to make sure everyone is aware in case you are not, I asked you if we supported a parcel tax for specifically fire services, down the road as we talk about the fire department, where we are going, should we ever decide to actually merge with a different district, I asked you, what would happen if they have their own fire parcel tax? You had said that that would mean that we would have two fire parcel taxes. That would mean rather than just \$250 or whatever number we had; it would be in addition to whatever we observed from elsewhere. I thought that was an important point to put out there, because with us not having made a decision yet, we could really end up putting a burden on people unintentionally. Just saying that as I said before, we really need to get our ducks in a row before we put more taxes into it.

City Manager/Attorney McLaughlin commented as follows: If we have a parcel tax for fire services, we are taxing our citizens to continue the fire service that they have presently. If we consolidate with the fire district, they have their own parcel tax already in existence to support the operations of the fire district. I do not think we can assume that one would replace the other. We would have to do further research if the Council wants to go that route. That would be something you would ask us to research between now and returning to a special meeting to ask Council for an opinion as to what happens in that scenario. I am fearful when you pass the parcel tax in the City you support your own City fire department, and they are paying for that. Then you have to assume the parcel tax for the district you are consolidating well, sounds logical to me that you wind up having to pay both of them, because there are two different things.

Councilmember Maurer commented as follows: Questioned if the JPA would handle that. It would not be reasonable to charge two times.

City Manager/Attorney McLaughlin commented as follows: The JPA is different than consolidation. The JPA is of two fire agencies that band together to form a third entity called a joint powers authority to govern fire services for both of those agencies. We have an example in our county. Examples of each one of these things, but not the same as consolidation.

Council discussed the table presented by City Attorney. TAX MEASURES - MARCH 2024 ELECTION

GENERAL TAX (for general purposes): Requires (a) Declaration of Emergency, passed by unanimous vote of City Council, and (b) two-thirds approval of City Council (4 out of 5) to call for the election. (Majority of voters must approve.)

The above applies to a sales tax measure.

For a parcel tax for general City purposes, the rules for a special tax apply.

SPECIAL TAX (for specific purposes; includes parcel tax):

Does NOT require a Declaration of Emergency.

A parcel tax requires simple majority approval of City Council to call for the election.

A sales tax requires two-thirds majority approval of City Council (4 out of 5) to call for the election.

Any other special tax requires simple majority approval of City Council to call for the election.

Two-thirds of voters must approve for all types of special taxes.

City Manager/Attorney McLaughlin commented as follows: A lot of questions have been raised about what procedure we have to go through. The answer to that in short form is that it depends on what you are trying to do. The culprit if you want to call it that is prop 218 that was passed that made changes, constitutional changes to the California constitution. Was shoehorned in an existing set of laws. So, it is very complicated. It is difficult to understand. I spent an hour today with outside counsel going through every type of possibility that we could think of and trying to map out what process the City Council would go through if it wanted to do a certain thing. So that document is intended as a shorthand kind of summary for that. It does not take the place of having our elections counsel attend a special meeting to make sure after you choose what you want to do, but following the proper procedure, but it is to give you an idea of what kind of vote is required to do what. So, the way it is set forth here is two general types of taxes that we are considering here. The first type of tax is called the general tax. A general tax with all of our existing sales tax measures is right now. It is for general purposes. Not specified to go to any specific purpose. You are taxing sales and spending it on whatever the City Council chooses to spend the money on each year during the budget process.

Mayor Hinton commented as follows: If we currently have these taxes and we are collecting them, has there been a declaration of emergency to put those on the ballot in the past? How do we get them on the ballot in the first place if we did not declare a fiscal emergency?

City Manager/Attorney McLaughlin commented as follows: The reason there is a lot of complexity to this question, this topic, is, because March of 2024 is not a regular election for Councilmembers. It is a statewide primary election, but not when we elect Councilmembers and that is the difference. Each election has its own special rules. So, to do a general tax on general sales tax measure, or other text measures for March of 2024, you need to do two things, a, b, here on the chart. A, need to declare an emergency which is what we have just been talking about. It has to be passed by unanimous vote. And b, two thirds of approval of the City Council to call for the election. Two-thirds means four out of five. So, four Councilmembers would have to agree to call for a general tax measure, sales tax measure, to be placed on the March 2024 election ballot. If you are talking about a parcel tax for general City purposes, there are such parcel taxes, they are very similar to a general tax, because they say you can spend it from generally speaking anything, general municipal purposes, but the rules for special tax apply. So, the second bullet point under general tax directly down to the next topic, which is the topic of special taxes, which is what you need to do if you decide to go parcel tax for general City purposes. Under special tax, the special tax is any tax that specifies what it is supposed to be spent for. You're talking about a special tax. We did this recently when never garnered the votes, but you did a poll question to find out what the public thought about how you should spend your money on. You were looking at those specific items, with the idea in mind of calling for a special tax election. That is what you are considering then. So, the second bullet talks about the laws and procedures pertaining to special taxes. First of all, you do not declare or need to declare an emergency. No unanimous vote is required to go through and do a special tax. You have to decide what kind of special tax you are doing, because depending on what type of tax you are talking about, different rules apply. A parcel tax, for example, one for fire services, let's say for sake of an example, a parcel tax only requires majority approval of the City Council. Three out of five, could call for special tax measure to be on the March 2024 ballot. It would be a parcel tax of some sort, e.g., fire. Could be some other special thing. If it is a sales tax, for special tax, then you will say, we are going to raise the sales tax in our City, but we will use it to pay for one, two or three specified items. That requires two thirds or four out of five, majority approval of the City Council. Any other type of special tax, there are a lot more of them, that legal counsel could talk to you about, requires a simple majority approval of the City Council to call for the election. Two main ones I have heard discussed were a parcel tax of some sort, simple majority or a sales tax measure for specified purposes, which is two thirds, it's required. We noted here that the rules for how many votes you need of the voters to actually pass your measure, for general tax, we

simply need a majority give 50% +1 to approve a general tax. For special tax you will need two thirds of voters to approve a special tax measure. Those are harder to achieve. The chart lays out in summary form, thumbnail sketch, so to speak, with different procedures are used depending on what type of tax measure you may choose to direct.

Councilmember McLewis commented as follows: I am just wondering if you would give us examples, because I do not even know what our or what could be special taxes could be.

City Manager/Attorney McLaughlin commented as follows: Special taxes sales tax measure, what you were considering a few months ago considering when we did the poll is one. That would've been a special sales tax. By the word special it simply means that the Council directs what the tax measure monies would be spent on if the electorate approves that. For example, parks or fires.

Councilmember McLewis commented as follows: Isn't that the same as what the one is above, sales tax? I wrote it down, specified in a specific item where it says sales tax. Your example is you would use it for specified items requiring a four out of five Council vote then under special tax right above any other special tax. The bullet point under it says sales tax required to thirds two-thirds majority.

City Manager/Attorney McLaughlin commented if it is a special text that it was required. If it is specified items so that is considered a specialized tax, it would take two-thirds majority of the Council (or 4 out of 5) to approve placement on the ballot. For the parcel tax, or any other kind of parcel taxes, they would only require a majority approval of the City Council to vote for that.

Councilmember McLewis commented as follows: But you had mentioned that with the special tax that the attorneys could tell us more about what those are, you're saying you're not sure? It sounds redundant that we are talking about the sales tax.

City Manager/Attorney McLaughlin commented as follows: Yes, it is partly redundant. I do not have examples of any other kind of special taxes, The only special items I heard from Councilmembers ever mentioned to my knowledge were fire and general purposes.

Councilmember McLewis commented as follows: Are there any limitations when you say specified specific ideas, are their limitations and what specific items could be identified in a special tax like that?

City Manager/Attorney McLaughlin commented as follows: No. Probably the more the better, because you want to have some flexibility as to how you spend your money. Special tax measures can be quite limiting, because if you have a sudden need in some other area of your budget and you're getting this large tax revenue, for a specified item, you might wish you could choose to spend that money elsewhere in your budget, but you would have to use it to support that special use that you put in your special tax measure. In essence, if you do a laundry list, you're back to a general tax and I do not think there is limitation on how many items you go with. We had this discussion a few months ago when considering the special tax, the poll question identified a number of interests from the voters, but they might be willing to support a special tax to fund. The Council was going to pick and choose potentially from those items, but you never did call for the election.

Councilmember McLewis commented as follows: With the special tax it says simple majority approval so that is just three out of five.

City Manager/Attorney McLaughlin commented that three out of five could approve that.

Mayor Hinton commented as follows: I just want to add that you usually try to put things that voters will support too.

Councilmember Zollman commented as follows: If we do have a meeting with special outside legal counsel, is that going to interfere with the timeline in order to get something on the March 2024 ballot?

City staff commented as follows: Whatever we have to do we have to have it into the county by December 8th for the March 2024 election. We would have to make sure that all of our ordinances, issues, questions, everything has to be done by the December 8th deadline.

City Manager/Attorney McLaughlin commented as follows: Staff is less familiar with the process for parcel taxes. Some of those may require things like an engineer report, also options for parcel taxes, such as do you tax every parcel equally? Or do you tax based on square footage? There could be a number of questions that have to be addressed if the Council chooses to go to the parcel tax way. Whereas we have done many sales tax measures, general tax measure sure, in the City. We are well-versed and can quickly turn around a general cell tax measure. Staff would recommend a special meeting.

Councilmember Maurer commented as follows: About the vacancy tax. Cannabis tax. Are these considered general taxes or special taxes? Those are taxes that we would pass by resolution, I believe, at a Council level.

City Manager/Attorney McLaughlin commented that it would have to go through some kind of ballot process. I think the electorate needs to weigh in with you pass a cannabis tax or not.

Mayor Hinton commented as follows: You're talking a sales tax on cannabis sales. On cannabis businesses, most cities have them. We don't. Council made a decision a few years ago to support its cannabis businesses in town and chose not to go to the ballot for the cannabis tax.

Councilmember Maurer commented as follows: My question is, is a cannabis tax or vacancy taxes, special taxes? Would it require a unanimous vote?

City Manager/Attorney McLaughlin commented as follows: If the Council chooses to explore an item further, staff will have to work up that item as its own agenda item to bring you information on how it would work and how it is structured. Short answer. We have not looked into a cannabis tax.

Vice Mayor Rich commented as follows: I will ask the direct question here. Do you feel, to the extent we need our finance director input here, same thing from her, then perhaps to the budget committee, do you feel, Larry McLaughlin, that the City is in a fiscal emergency?

City Manager/Attorney McLaughlin commented as follows: Absolutely yes, if this is not fiscal emergency, I do not know what it would be short of bankruptcy, because we have a very large deficit and projections that show our reserves going below zero in a few years. That has to constitute a fiscal emergency, grounds for fiscal emergency, I would say.

Vice Mayor Rich commented as follows: The reason would be that we currently have this \$1.7 million deficit. And we have reserves going below zero in fiscal year 26-27.

City Manager/Attorney McLaughlin commented as follows: I'm sure there is ample grounds for fiscal emergency, but the whole idea behind this is if you're going to do this type of tax measure on this off time election, you have to have a really good reason for it and you have to declare that really good reason unanimously.

Vice Mayor Rich commented as follows: I'm asking you to help us understand why we are in a fiscal emergency other than expenses, revenue, and the structural deficit that the expenses are continuously exceeding revenue.

City Manager/Attorney McLaughlin commented as follows: Yes, the emergency aspect of this is if it is left unchecked, it will continue to deteriorate and get worse to a point where our reserves drop below zero. You're trying to forestall that with some form of tax measure, which is the fiscal emergency.

Vice Mayor Rich commented as follows: The piece that you have not mentioned is the potential for reducing expenses. I think we have tried that. Do you feel there is any opportunity to get through this by reducing expenses even more?

City Manager/Attorney McLaughlin commented as follows: I do not know how, because the budget committee this last year tasked all of the departments to cut themselves as far as they possibly could go, with the theory being that we needed to maintain as much as possible the current services that we provide to the public. So even though some of them have been cut back or they go lower, we have cut as much as I think we possibly can. Not every department was cut equally. For very good reasons. For some cases you had to have a personnel change that required additional money in that department cover it. So, there were exceptions, but most departments, especially the ones that were the busiest, I think cut themselves as far as they really could. There are ways to reduce, at the Council has been thinking about, discussing to some extent, there are other ways to reduce expenses that are much more difficult to do, which the Council has been considering, some of those ideas. There are ways to cut expenses further, but it would deteriorate City service potentially to an acceptable level.

Vice Mayor Rich commented as follows: We could cut expenses, but that would involve cutting services to a point that you do not feel is acceptable? Is that what you are saying?

City Manager/Attorney McLaughlin commented as follows: The theory here is you are trying to forestall that by going for a tax measure or the other alternatives will need to happen.

Vice Mayor Rich commented as follows: I just want to make sure I understand that in order to get expenses lower at this point, from your perspective, the only avenue now would be to cut services in some way.

City Manager/Attorney McLaughlin commented yes.

Councilmember McLewis commented as follows: I am determined to understand this. Under here you have the sales tax, which indicated is a special tax. You said requires four out of five Councilmember votes, but then under any other special tax you said that is a special tax and that says a majority approval of City Council votes. I am trying to understand the process.

City Manager/Attorney McLaughlin commented as follows: All special tax measures could be called by this Council for the majority approval except a sales tax that has a special tax.

Councilmember McLewis commented as follows: For this election it is four out of the five.

City Manager/Attorney McLaughlin commented if it is a sales tax for special reasons and all else under special tax require majority approval.

Vice Mayor Rich commented as follows: When you look at where we are right now, do you see any upcoming developments that will help our deficit, structural deficit, that will solve this problem in a way that will address it and not require tax? Items that have come up, Larry, that have been mentioned to me are the fire tax. Do you see the \$1.1 million dollars potential income from the fire tax as helping to address our structural deficit?

City Manager/Attorney McLaughlin commented as follows: First of all, that would help the fire service, but mostly helps the fire service and expansion kind of situation, the City would still need to continue the budget for the fire service. The fire tax is limited to that, and does not address the other issues that the City has in terms of paying for all the rest of the services that we provide. Fire tax would not solve it. It would help in one department.

Vice Mayor Rich commented as follows: What I've been asked is will the fire tax, if it passes, we have seen the numbers, \$1.1 million to the City of Sebastopol if it passes, you do not foresee that allowing that fire tax being used to supplant any dollar amounts that we are currently contributing from our general fund and allowing that money to then be reallocated to some other way at some other departments?

City Manager/Attorney McLaughlin commented as follows: No, we need to use the fire tax to supplement what we are using, what we are budgeting for fire service.

Vice Mayor Rich commented as follows: Are there any other potential developments that might help us in terms of our fiscal deficit?

City Manager/Attorney McLaughlin commented as follows: I have seen a number of emails lately, kind of wondering what happened to our hotel, or hotels. I will say, in answer to those emails, that staff is working diligently with developers right at this minute on a potential hotel project, but if it comes to bear, it will be great news. It will help us, once it is in operation, but at the moment, it is highly speculative. About one million things could possibly go wrong or change that dynamic and it does not happen. The public should understand staff right now are spending a lot of time doing their best to try to make those things happen to facilitate them with the developers, but in the sense of the City Council decision, is that money coming to us or not? It is speculative.

Vice Mayor Rich commented as follows: The question involves the audit, the fact that in the posted budget, the reserve coming into the beginning of this fiscal year, is lower than the reserve that was reported out in the October 17 staff report from the budget committee regarding revenue options. \$1.6 million. I understand that there was, or it was an audit process which identified revenue coming in also departments had lowered expenses, but my question is, does that help at all? Does that change this outcome that we are looking at right now that you have mentioned where we are going to our July of 2026 budget year, and we only have \$400,000 left? Has that \$1.6 million identified by the audit already been integrated into that equation or not?

City Manager/Attorney McLaughlin commented as follows: It has been integrated into the equation which makes our reserve situation this year better than it was at the time that the budget was adopted a few months ago. However, it does not erase the deficit situation in the future years. Therefore, we are still in a financial emergency, in my opinion.

Vice Mayor Rich commented as follows: Just to be clear, even with that \$1.7 million, that change as a result of the audit, we are still running out of money in July of 2026 when we going to the budget year? I think the chart shows that right now it is in the packet.

City Manager/Attorney McLaughlin commented as follows: Stated yes it does, the problem with the City and budget in the last few years is what I call one-time monies. They come in, they are great when you get them, you use them for the purpose, but they are not going to repeat themselves. So, you have to bear that in mind and budget for the future. So, the future shows the deficit situation, fiscal emergency, in my opinion.

Mayor Hinton opened for public comment.

Steve Akre commented as follows: President of Sonoma County Fire Chief Association. In regard to some of larger conversations I have had with various members of staff and Council, I certainly appreciate the financial emergency that you guys are all in and facing right now. I have faced that many times in my career. I want to address a couple of things. First on the parcel tax, whether a fire district and the City both had a parcel tax. Yes, in a consolidation, the district parcel tax would overlay the City, but there is a key point in this that both the district and the City each year are required by law to set the rate of their parcel tax. That is also something that you can establish as a Council each year, as well as through a tax exchange agreement and consolidation. The second thing is I know I have shared this opinion before. Certainly again, deferring to the emergency that you all are in, we want to be in a position of support, in trying to help you resolve that for the betterment of services for your community, we would really strongly, again, continue to urge you to look for an opportunity that does not even potentially compete with the countywide sales tax for fire services that is going to be on the ballot in March. Thank you and I look forward to continuing to work cooperatively together.

Kyle commented as follows: Fiscal analysis of this agenda may not provide enough detail in terms of additional cuts a City may incur as a result of direction given this evening. In particular, as mentioned already year-to-date actual in excess of \$22,000, having been spent on Denny Rosati, municipal services. While me and my statistic students appreciated a real-world example of how policymakers and survey designers failed to account for response bias and survey design, one, I intend to continue to use my course in perpetuity, it would be my hope that the City does not spend another dime on this item, until Council has made clear that they actually wish to continue to employ these particular consultants which, to me, seems to be quite outside the scope of what this Council initially approved. Those paid consultants conducted a poorly designed telephone survey with poor completion rates and riddled with text, but examples of response bias. Next, not clearly framed and yet to be discussed fully is the opportunity to explore the downsizing of City property. Mainly of interest of a massive 5+ million dollars' worth of vehicles that the City has amassed, currently actively maintaining and I would like to have the Council consider the significant number of these vehicles if sold would be able to both generate revenue for the sale of these vehicles as well as continued reduction in expenses and operating these vehicles. Following this volunteer reduction in fringe benefits to the City Clerk/Assistant City Manager, I would love to see the budget committee take a similar look for opportunities across the entire City management. Finally, I suggest this Council avoid the use of a special Council meeting to adjust the agenda item instead reshuffle agenda items into some sort of special Council meeting, but the way the City maintains and advertise special Council meetings you will get poor public participation and poor participation by the public and unless that is what you are going for by doing this in a special Council meeting.

Adam commented as follows: My family has been in this town for over 50 years, I am a small business owner in this town, I serve on the Chamber board as well as the SDA board, and I am familiar with trying to pass tax measures and such with the school board. I don't believe we have a budget crisis in this town, I think we have a leadership crisis. This Council and its iterations over the years have created this situation. I know many of you on the Council are new, but you are kind of thrown in with a lot and a prime example is we have three City employees that take up a lot of our annual budget. There is no way the electorate is going to look for additional taxes, property sales, or otherwise to bail us out. You are asking our already struggling businesses to take the hit with an additional sales tax, and I just don't understand how that makes sense. We have a simple, effective

solution that has been brought up by this Council and apparently ignored. We have dozens, if not hundreds of empty storefronts in this town that sit idly by while the landowners or business property owners take tax breaks because they are not getting rent. If those business landowners were to be taxed the equivalent of what the sales tax would be on that storefront, in addition to penalties, and forced to show that they are actively pursuing putting tenants in those storefronts, it would solve a great deal, if not all of our problems. Antibusiness fronts hurt the entire town. They don't just hurt the sales revenue; they make it hard for surrounding businesses to do business. I think we can treat this just like people on unemployment are treated, where they have to continually show effective advertising for their properties and they are actively seeking tenants, and I just don't understand why that is not being considered, yet you are asking the businesses to take the hit on this by increasing the sales tax to their customers.

Robert commented as follows: Three things. Number one, to agree that there is an emergency, I think we have to believe the numbers and the numbers are constantly changing, which drives me crazy. The bottom of page three of the budget, the top of the next page as a table that also has an outline, but has different numbers all the way up to 2030 point the table at the top of page four has different revenue expenses from the adopted budget from the adopted budget, do we have a new adopted budget than the ones published on the website? It is sometimes very frustrating to keep up with what is going on and I have got to believe it is for most of the Councilmembers and the public, when the numbers are constantly in a state of flux, and sometimes it is just that they are coming from the wrong place or on the wrong page. We need to get our numbers straight, number one. Number two, I need a tenant consequence in declaring an emergency. Does that open us up to things like the county taking interest in how the City operates? Do grand jury investigations get started because small towns declare emergencies? Maybe a question the Council should be asking its creditors. We don't have a lot of debt, but I think we do have some debt. Do our agreements for creditors include clauses that they might be able to come back and refund our debt if they declare an emergency? I think unintended consequences is a really good question that needs to be thought through. The third thing, I heard that we have \$80,000 potentially in tourism taxes that we don't use for marketing. If that is true, somebody needs to kind of capture that and follow-up, because we could definitely mark the City and help grow our sales tax revenue, which is a critical problem we have.

Kate commented as follows: I appreciate all the work the Council has done on this, especially the budget committee. I am sorry you have to deal with the incompetence of the City's last decade. There is really no reason for Sebastopol to be in a financial emergency, except for total incompetence. No other City in Sonoma County has even had to consider a fiscal emergency. Cotati has a similar population and budget and they aren't in a financial emergency. Sebastopol is an affluent community with high property taxes. It has a major sales venue in the Barlow which does its own advertising. Sebastopol has had a volunteer fire department that has saved the City millions of dollars. Other City departments are understaffed. Sebastopol has not invested in infrastructure and now has over \$40 million in backlog that needs to be addressed. Why in the world would we be in a fiscal emergency if we had a volunteer fire department, and we haven't done anything to repair our infrastructure? Over and over again, the financial reports have errors and are changed, they are readily unstable. We need to nail down any and all numbers for the budget, the water and sewer enterprise fund, which has numerous errors and unaccounted spending, and the amount of infrastructure we need before we pass any tax or any parcel tax. We don't know actually what we are dealing with, and I think the incompetence that has led us to this can't really be trusted to give us numbers for the future. Obviously, they didn't do a good job, otherwise we would have been addressing this five years ago. This was addressed actually, because I saw budget reports that showed us going into a deficit about three years ago. At any rate, what we should be concentrating on and what is most readily available is increasing sales at existing stores. We need to contact head west and ask them not to leave Sebastopol. There must be some way to get permanent for this business that brings in thousands of customers to Sebastopol every month and does their own marketing.

June commented as follows: It is a tough situation Sebastopol is in, and there is a need to raise revenues, so I think it is good that there is action happening to do that. I am dismayed that the particular measures are the kind that are regressive and more inequitable than other forms of taxes, and I do understand local governments are constrained with what kinds of taxes you can do and can't actually do a lot of the taxes that you might want to because of the long-standing things, the state-level laws and others that can constrain us, but there are some other options I hope we can look into. I think if we did a number of these more equitable taxes it would really help and add up, and I think they would be popular by the majority of folks that don't have as many resources as may be the few that would be more able to contribute on these. For example, prop I that San Francisco passed in 2020, it is a CEO pay gap tax, it might be a bit complicated for Sebastopol, but seems like it would be worth a look. I think also the occasional use tax, you know, for vacant property, also for vacant vacation homes, I think that would be worth looking into a bit more. If we do have to do a parcel tax or if you do go with that, I think it would be important to do it by square footage. And also per square foot of improvement. So that you get a bit of evaluation of the improvements, so that folks that don't have a lot of value on their property aren't having to give as much. There are some ideas of what we could ask the county to do that could help us increase our real estate transfer tax.

Linda commented as follows: By the way, a question about why we are in this position. Some of the recent speakers have addressed it and nailed it. It is incompetent leadership. The decisions that our Mayor and current Mayor and Vice Mayor have made, led by Patrick, former Mayor, who they have followed his lead and being arrogant, ignorant, and uneducated, refusing to listen to many, many intelligent people like Kyle and Kate and several of the others about their decisions, including they have failed to understand our very own City Manager, and also Mary did not support the \$2.2 million wireless water meter, which was part of a \$5 million loan. The Mayor did not even know what had happened and the City is still paying \$1.25 million of that went to the shyster co. So, that is a big thing in the City budget. \$5 million. I would appreciate it if the Mayor, and if you just confirm that once again, ask Larry if there is that \$5 million loan. All the tens of thousands of needless consultants, out-of-town consultants and the bogus surveys, again, the wireless meter totally incorrect and did not incorporate a lot of us who have very strong feelings about EMS and being helped alive by wireless man-made electromagnetic fields.

Mayor Hinton called for a break at 8:11 pm and reconvened the meeting at 8:21 pm.

Director Kwong discussed the charts in the reports and explained percentages.

City Council Discussion/Comments/Deliberations/Direction to Staff:

Item 1: Sales Tax

Councilmember Zollman: There are all the different reasons between the paragraph you just read, Mayor, and our reasons. What you will notice here is different. If we ended up disagreeing, we felt it was important for each Councilmember to state why they disagreed. We also felt that it was very important, given the fact that the staff has been here, as we mentioned, many, many, many, many, many years and we should know ourselves specifically what the staff recommendations are. So, we went through and went around the table. Every staff member pitched in their own thoughts, and now we have a separate paragraph for staff recommendations. Because also, they might be more neutral, who knows? But the bottom line is at the bottom of page five, we have the specific reasons why we either support or disagree with a proposed sales tax. And this won't come as a big surprise, I did listen to the conversations, and what is typed there is exactly what I have been finding myself saying for the last couple of months, the sales tax is going to be the largest bang for our buck and the quickest way of getting in, given the fact that we have now identified from our City Attorney that we are actually in a financial crisis, and I hope the rest of the Council votes accordingly. But that would definitely provide us with money that we desperately need. And then with the whole conflict about the fire, I have explained it there and I

will explain it this way, I don't see it as a conflict. People from the fire department have said repeatedly that they feel like they need the money as quickly as possible, too, so, if the regional one passes, then that will be money. And if our own passes, that will even be more money. So, again, I don't see it as a conflict, but I will leave it at that.

Councilmember Maurer: The County fire services have a half cent sales tax plan for the March ballot. If that passes, Sebastopol will receive significant funding, at least \$1.2 million, and the budget committee, I believe it was the budget committee, was told it was \$1.8 million, and that would be funds for the firehouse, include funds for the firehouse remodel. If their measure fails, we could revisit placing a sales tax on the November ballot. If Sebastopol does put a sales tax on the March ballot and if both measures pass, Sebastopol would have a 10.25 sales tax, which would be the highest in the county. This will burden our poorest residents and our businesses whose owners and associations have already stated, and they stated here tonight, they don't support the sales tax. At least one business owner stated he would actively oppose it. And then I reviewed the last three years of budgets, and in 2021-22, the adopted budget was \$1 million deficit, and the actual budget at the end of the year was \$369,000 in the black. And then the same thing happened the next year, started out at \$1.15 million deficit and it ended up \$470,000 profits. And recently, we received a \$1.6 million covid grant, which is roughly the same amount as our projected deficit. The last time we did the budget, I was told that there were no more one-time special grants that we could expect, and yet again, we got \$1.6 million grant. I am not saying we don't have a deficit; I am not saying we don't have a structural deficit, but I do believe we can afford to wait on this measure

Councilmember McLewis questioned what the highest tax is we can do.

Director Kwong commented 10.25%.

Councilmember McLewis commented as follows: I am just going to say that you all know that I recognize we have a financial problem, I also own a business in town and I hear what the businesses are saying, and I also think that we need to learn from our mistakes, and the challenge I have with this, nothing has changed since we talked about tax in August, and what I mean by that is I have sat and watched the Council meetings for years, and I have seen a lot of spending on approval of different items that just didn't seem to make a lot of sense to me. And as I look at this, I just don't feel that we have had a meeting of minds with the Councilmembers. I mean, we haven't gotten together and actually looked at our goals and discussed what the next year will look like. Because we do not agree on how we were going to spend the money last time, and as frustrating as it may be for everyone, I am just adamant that we have to come together and have a goal setting meeting where we can all at least discuss and figure this out. Nothing has changed since August, we haven't discussed further how would this money be spent? I have had a lot of concerns about the infrastructure and a lot of different things, but on the last one, we had the library and I am not trying to pick on the library, there were just a lot of various different items that I was like, why are we doing that if we have all these different problems? Right now, I am still in the same position because we haven't done anything differently to actually look at it and figure things out. If we are going to do this, it has to be where we actually come together and come up with that strategy. So right now, no, I don't support the tax. And I do have a concern about having the highest tax in the county. As a business owner, I know that things are slow right now, at least by 20 - 25%. And I understand we have challenges here, but at the same time, waiting six months and again, the shape shifting numbers constantly, it makes me weary as someone who has to adhere to a budget with my business and the nonprofit that I run, these need to be clear. It is really hard to make decisions on things that are constantly shifting, and you are questioning whether or not, they are right, are they not.

Vice Mayor Rich commented as follows: I am going to come out strongly and recognize for purposes of this Council and the public and anyone who wants to listen that we are in a fiscal crisis. I am not going to be that

person who decides to wait for more information or who decides that it is better to see if certain amounts might come in. I have asked those questions of our City Manager, City Attorney, Larry McLaughlin. I have had conversations with our Administrative Services Director. I have looked deeply into the budget. I have analyzed all of these numbers. Our problem is not blaming what might have come before doesn't solve our problem for our citizens at all. Delaying it doesn't solve the problem. We know, I know personally, I have looked into it, I have spoken with Chief Aker, who spoke here tonight. I have been told and we have heard tonight that the fire tax will not address our \$1.7 million deficit. It will not help our infrastructure. It will not help our structural deficit, excuse me. We don't have any amazing heroes out there that are going to come out and save us. It is not going to be the fire tax, the hotel is speculative, the audit brought in an amazing \$1.6 million corrected amount that infused our current reserve, which takes us to July 2026. Without it, we would be looking at July 2025. I at the very least call for this City Council to recognize that these numbers establish that there is in fact a fiscal crisis point that the evidence is there. The numbers are there. And then perhaps reconsider how we want to deal with that at a special meeting next week. But I am here to say 100%, no doubt, no excuses, as an elected City Councilmember, we are in a fiscal crisis. And if we don't do something really substantial and a half percent sales tax would bring it the money that we need, we are going to be looking at probably going into some sort of bankruptcy. In 2026. And so, I call on my fellow City Councilmembers to step up and to recognize the severity of our situation, to please support the recognition of this fiscal crisis and allow us to have a more deep and thorough discussion about what, if anything, we would like to do at a special meeting next week. I am not confident that November will pass. There is a lot more competition. As to the fire tax, I see this as a combined effort, a solution to both the fire house issues, our fire department issues, and our deficit. I think we can work with these guys; they are amazing,

Mayor Hinton commented as follows: I am going to try to stay to this item number one, which is a sales tax, not a property tax, sales tax. Again, I coauthored an agenda item for sales tax. I have heard from a few merchants that are like, don't tax us. We are talking about its tax for citizens that purchase goods. It is not against the merchants; I don't think it is going to hurt the merchants. The fire tax would be \$.50 on \$100, and the tax proposed here would be \$.50 on \$100. That is an extra dollar for every hundred dollars you spend. I really don't think it would be noticeable, and I would say that there is other competition in November for tax measures. And we don't even know if the fire tax passes and then there is competition in November, whose tax measure takes precedent or do we even go above the 10.25% tax. As other cities would do if those other issues passed that are countywide. Related to the fire tax, there are 300,000 voters approximately in the county. Sevastopol voters are 1.8%. We would support it, it would give us around \$1 million, but \$1 million and one is not enough to get what we need done for our fire department alone. That could be tabled, that will be coming down the pike later, but that is not alone, and it does not solve our financial woes, as has been pointed out. The fire department has got things they need, but really, this is a structural deficit against the budget that has been coming for a while. I am glad somebody said they heard this three years ago, because I was saying it three years ago. I think we need to take it one step at a time. I am not surprised by the comments tonight, but we need to go through each of these and see what we are willing to do, because I am not willing to sit on my hands on this. We see it here, and I am not going to sit until November next year, we are going to have to do something faster than that. We are six months more down the road, and that is, again, if it passes. We don't know every time we go to the electorate whether it will pass. It is just us making a guess. And maybe also running a campaign, an education campaign about it, as private citizens, not as a City.

Councilmember Maurer commented as follows: I just wanted to remind the Council that tax on the March ballot will require two thirds vote. And if we waited until November, it would just be a majority vote. So, I'm just curious if you have considered the consequences of putting something on the ballot in March that requires two thirds vote and it fails, will you bring it back in November? And how will the public feel about that?

Mayor Hinton commented as follows: For a sales tax of 50 plus one it would require a 4/5ths vote of the City Council as well as a unanimous vote for declaration of emergency for a 50 plus one approval. My opinion, just to finish the thought, is if we ran them together, we would solve our fire department problems and our fiscal problems and it would add a dollar for every \$100 spent from the citizens that enjoy our City, and that we provide those services for, let me just say roads, fire, police services, et cetera. And they don't live in the town. They are not paying the parcel taxes that we who live in the town are.

Councilmember McLewis commented as follows: I was just curious, knowing what the cap is, if we were running a tax next November at the same time as another sales tax and both passes, would that put us over the threshold? What happens then?

Mayor Hinton commented that isn't there a rumor that the legislature is going to increase the sales tax amount up to around 11%?.

City Manager/Attorney McLaughlin commented as follows: Yes, I heard that that may happen. What happens if that doesn't happen, I don't know, I would have to look into that.

Vice Mayor Rich commented as follows: I did ask our Supervisor Hopkins office about that, and the information I was given is if there are competing measures, that have all been approved by the voters and would take the cumulative sales tax over that cap, the measure that received the most votes would take precedence.

Item 2. Vacancy Tax for Commercial businesses

Councilmember Zollman commented as follows: This was definitely something that I learned from the Chamber of commerce board meeting. If Adam is still on the line, this definitely addresses what you raised then. And so, what information the staff could tell us, it sounded compelling enough to at least have them continue to research it. Because even one of the Sebastopol Chamber board members said if what data you can provide to us doesn't seem like it is going to result in anything, then we will just move on to the other thing or the next item. So, I am just like, we should have the data to just send it out to the public, and particularly the chamber, to let them know what we actually could get from a vacancy tax, so I think it is worth staff's time.

Vice Mayor Rich commented as follows: I have had a conversation with realtors on this topic and I have shared those comments with our Planning Director. But my request would be that we make sure that we consider what the goal is. If the goal is to try to make sure that these spaces are occupied, then the potential downside, as realtors explained to me, is that if we add commercial vacancy tax to vacant property in Sebastopol, there is a lot of commercial space available elsewhere, and what might happen is that could actually discourage the leasing of our local commercial property. People might instead go off to properties elsewhere, in Sonoma County, where there isn't a commercial vacancy tax. So, just keep in mind the goal and whether the goal is met.

Councilmember McLewis commented as follows: I am trying to understand that, because it is the owners who own the property, not the people who lease it.

Vice Mayor Rich commented as follows: Their concern was if you have commercial property for sale and we have a town where there is a commercial vacancy tax, does that create a barrier, an additional burden to actually selling that property.

Item 3. Review of Formula Business Ordinance:

Mayor Hinton commented as follows: I will say, I am always open to things, but I will say, I have had this ordinance before me, and I did vote when there was a new formula business gym coming to downtown and our

local gyms that are locally owned and operated. We are opposed to it. And this ordinance was reviewed and changed to exclude gyms from our downtown corridor. In general, I will quote that I am not a fan of formula businesses and our traditional downtown. So, while I am always willing to look at ideas, I do think that's why our downtown is as healthy as it currently is. So, I want to be on record on that. I hate to say no to ideas, but I am not a fan of formula businesses in our downtown corridor. We have four people willing to research it, but I want to state where I stand.

Councilmember McLewis questioned the definition of formula business ordinance.

City staff read the definition and stated it is 25 or more locations nationally. You are either a formula business or not.

Mayor Hinton commented as follows: I would say I am okay letting this one go.

Item 4. Development Fees:

Vice Mayor Rich commented as follows: I just had a question on these three. These are Planning items. Vacancy tax, the formula business, and this one we are discussing now, development fees. Can we ask the planning director, maybe it is in there, whether she has any sense of what potential revenue, even ballpark, might be involved, and how she would prioritize?

Planning Director Svansson commented as follows: On the impact fees in particular, because I was the person who managed that study in 2021, it was actually the first time we did a professionally done impact fees study. Other than our traffic fees. And so, we did recognize that there were areas like the fire facilities that we weren't keeping up with infrastructure. At that time, we compared both single-family and multifamily residential, and we are kind of basically right in line with other cities. We did not look at commercial. I have actually already kind of reached out to the other planning directors in the county to get their charts, so I think that is a pretty easy thing for me to put together if you are looking at kind of the commercial development, which is when you are talking about sales tax generation, sort of an obvious one to me. The -- so, I think, if you are talking about looking at the commercial development impact fees, and if it makes sense to reduce those to chat development, I think that makes sense. On the development impact fees, I wouldn't want to reduce for residential, we actually have a pretty good appeal of residential right now, and we already don't have impact fees for 70 square feet or lower, which we used to have, contributing to our traffic funds and park funds, but I do think it makes sense to look at commercial from the attracting commercial development side of things. I would note that you need to kind of make up for that for your infrastructure costs from somewhere else. For the formula businesses that we often get asked about in the planning department, most of them are like real estate agents or title companies. I have had a lot of questions about those in the downtown, which when we updated the ordinance in 2018, included gyms, but it also included certain formula offices downtown, including the real estate on the title companies and those types of things. Those are about the only formula businesses that I can recall, except for maybe a car wash, which also doesn't generate sales tax. So unfortunately, all these things don't actually generate revenue for the City, other than the property transfer tax. So, I would probably not prioritize that, although I am happy to look at what other nearby cities do. The vacancy tax, I see it as twofold. I actually did appreciate what Adam said earlier, it was exactly what my husband and I were discussing this weekend, of if you had a sales tax beforehand and you are just leaving your site purposely vacant. One is the money you might raise, but the others encouraging people to lease at affordable rates, because what I have heard is that people in the residential market, people are getting hit with the doubling of their commercial rent and they have to leave. So, that might provide some incentive, if not monetarily, in a tax form, maybe I don't want to price my tenant out of the market, because then I will just have to pay a vacancy tax anyway. So, I think it is a pretty complex thing. I think that might be worth some research, both from the revenue generation, but how it might encourage the leasing of spaces.

Mayor Hinton commented as follows: What I am hearing is it sounds like we might have the formula businesses with the committee's endorsement, might drop off, we have kind of got our answer, not a big priority. And the development fees sound like your commercial property, you might be able to take a look at. But again, if we lowered development fees, we would have to raise them somewhere else, is what you are saying.

Director Svanstrom commented as follows: So, the development impact fees, you basically do a study, it is basically like the water and sewer rates, and what you have to charge, so it balances out. For development impact fees, those fees are for new development or changes in use that intensify, and so, what you do, and the development impact fee study is you look at the expansion of the infrastructure that would need to happen. So, for the easiest example, you need to go from a 10 inch to 12-inch sewer pipe. That two inches of expanded diameter is what you can charge in the development impact fee. The rest of the 10-inch diameter is considered maintenance, so that is kind of how those two that funds work together. If you have to expand infrastructure, install a stoplight, add a lane of traffic, whatever, kind of think about that. The last development fee was done in 2021. You are required to update every five years. We are already going to look at that. That is what I'm saying, we can check. I did get it last week, put it in my spreadsheet, it is pretty similar. Because the cost of infrastructure is similar.

Councilmember McLewis commented as follows: Do we have the fees? Under State Law, I thought you cannot charge impact fees for 750 square feet or less. If it is greater than that, we do it proportionally just like a single-family based on the size. If we were to look at the vacancy tax. If we were going to force people to the tax, and then they need to rent it out, how does that play without limitations with the formula business? It makes it very complicated. Is there anything you can think of, could they be forced? They could come to us and say, you're forcing me to come in and limiting who I can bring in. Is there anything we should be worried about with that?

Director Svanstrom commented as follows: I don't think there would be anything legally that would prevent that. It's just a question of how that nuance would look.

The Council was in consensus to drop development fees and formula business and prioritize the tax for commercial businesses.

Director Svanstrom commented as follows: Review of the development impact fees is probably a half-day. Like I said, we have a cooperative group of directors in the county. Literally today, I got four additional schedules. It's just a matter of putting them in. In some sort of like manner and seeing, are we on par with our colleagues? I don't think that's huge. The formula business there might be smaller tweaks that would be fairly easy to do. Or change the 25 to 30. Finding what other communities are doing. And if it's working for them. It's much more intensive research.

Councilmember McLewis commented as follows: My reasoning is, we have a lot of empty space. I feel like we need to at least look at what other people are doing. If we are exploring and need more businesses, then we should look at what hurdles there are. And how other people are doing. Again, I'm not advocating for big boxes downtown. But we should look at what other people are doing and why we have so many open storefronts. Those are my thoughts.

Item 5. Event Licenses:

Councilmember Maurer commented as follows: I don't recall talking about event licenses. We talked about events. I am in support of events I'd want to support nonprofits for having events. It's nice to see more events in town. I'm confused by the licenses. I don't remember discussing that. I would not want to review event licenses,

especially if it meant costing more. I would like to be more encouraging for the places to have events. I apologize. This is another one that I just did not catch. It could be that we did discuss licenses, I just don't remember. I don't remember discussing it, because I would not have wanted to support raising or raising revenue for events.

City staff commented as follows: Councilmember, you are correct. It wasn't at our budget meeting. These were discussed October 17th with the revenue reports. We incorporated what was also discussed at the October 17th meeting. As well as on the budget committee. That might be why you are seeing some of the items that even though they worked considered in the budget committee, it was discussed on the 17th. And this was actually one of them. We were talking about enforcement. Things like that. It is not increasing the permit fee. It is ensuring that those that are doing the events have the actual license required.

Director Svanstrom commented as follows: This is one of those enforcement issues. As an example, we had Head West and although I think we managed to get licenses out of them, I'm not sure we got sales tax.

Mayor Hinton commented as follows: I also recall this, and it came up when they wanted to expand into the movie theaters. And we realized, the person who was running it, admittedly said, he had not been getting vendor permits. We had a huge discussion. I think it is fair if a merchant sells a person said of a person being sold by another merchant, that sales tax should come to cs. It's not that I discourage events, but I want to see it in force. We need to collect the sales tax for merchandise being sold in our town. We talked about this when we talked about cannabis as well. If somebody buys from someone here, and delivers cannabis somewhere else, we had that tall, where's the sales tax? I think we need to continue to enforce.

Councilmember McLewis commented as follows: What is the process for all businesses. I'm the one who stood outside of a store and waited to figure out what was going on. I take that a step further to make sure we are collecting from businesses as well and ensuring that new businesses are doing that process. Because we do. We are talking about increasing sales tax, but we need to make sure we are collecting everything.

Item 6. Consideration of TOT ballot measure:

Vice Mayor Rich commented as follows: This is a question I think, can you confirm what the potential would be without the new hotel? With the 2% increase? Which is what we were talking about. The numbers looked low and I'm not sure they are in this report. They were in the October 17th report. I think I saw for the first full year, \$95,000 and in 2030 to \$165,000. Can you confirm that? That is in this report. Those details were not in here. Because that is relevant to my perspective on this particular topic. I think that was without the hotel. I can't wait for the answer.

Mayor Hinton commented as follows: I agree with the budget subcommittee recommendations. I think at this time, we would have to go to ballot measure for that. And I believe it wouldn't raise enough revenue. It will put us into one of the higher categories. And I'm not interested in this at this time.

Director Kwong commented on the existing hotel, and we increased 2% for that, it's only \$74,000 for a full year.

No consensus of support for this item.

Item 7. Sonoma County Tourism:

No consensus of support for this item.

Item 8. UUT:

No consensus of support for this item at this time.

Item 9. Review of City Properties.

No consensus of support for sale of vehicles; however, ask the Planning Director to review properties for recommendation to Council.

Item 10. EMS Reimbursement:

Fire Ad Hoc Committee to review and provide comments/recommendations.

Item 11. Tiny Homes/ADUs:

No consensus of support for this item.

Item 12. Parcel Tax:

Councilmember Maurer commented as follows: I'm concerned about the double taxing. My suggestion is, we get clarity. There's no way I want to support a tax, and have it doubled if we consolidated. That is not okay. I would like to have assurance that that wouldn't happen. The reason why this was broad, it's because it's been brought up but never of times by member of the public that the infrastructure is falling apart. As part of the research can we do a parcel tax for infrastructure? I don't know. That was part of the research.

Vice Mayor Rich commented as follows: My concern is, we still have to hear back from the ad hoc fire committee. And as a City Council, we have to make a decision. One of those options is consolidation which would by definition include partial tax. I'm not comfortable taking any action that would in any way infringe upon that option, before we make that decision with fire services. I would not support a parcel tax until we as City Council figured out what we want to do in terms of fire services. And that would be no matter what the taxes are for. Even if we were considering a parcel tax for infrastructure, or some non-fire services, I would not want to do that, because I think that would overly burden our public and might settle them with two separate taxes.

Councilmember McLewis commented as follows: I think we need to have our ducks in a row. Before we determine anything like that.

Mayor Hinton commented as follows: I'm not in favor of a parcel tax to solve this. I think, as I have stated, probably many times now, there a lot of people that are using our services. And the shortfall should be spread amongst more than just the citizens that own parcels in our cities. The homeowner is just going to pass that on. And add to, we might have other parcel taxes for fire services and, we have a fire measure already on the ballot in March to help the fire department. We feel like the part is going to get help first and everything else falls to pieces. I am not in support of a parcel tax.

Councilmember Maurer commented as follows: We have not discussed cannabis tax and we have not discussed municipal bonds. Those are bonds that can be considered for our roads. We need \$18 million in road repairs over the next five years. I don't know much about bonds. That we would need education on the municipal bonds. And we also did not discuss the cannabis tax, which I thought we should. Five out of nine of the other counties have a tax and I thought it would be worth the revenue study to bring that up. It is worth discussing.

The Council discussed the items below and did a thumbs up/thumbs down on items as noted:

Expansion of vacation rentals. Thumbs down.

Review of all City leases. Although it was not recommended to re-open the leases, it was recommended that the leases be reviewed during the budget process/funding for owners of the leases.

Municipal bonds. Thumbs down.

Reassess trench cut and other ordinances. Thumbs down.

Business district expansion: City staff have been meeting with the Chamber of Commerce as well as Sebastopol Downtown Association on this item. Thumbs up.

Establish an Enhanced Infrastructure Financing District (EIFD); City Attorney is working with outside legal counsel to discuss this program and City staff is also meeting with the County of Sonoma to further explore this item.

Consensus to continue review of this. Thumbs up.

Revise City business license tax: It was discussed that staff research this item and provide comparisons to other cities. Thumbs up.

Continue to seek grant opportunities; this is ongoing and continues to be discussed with City grant writer.

Thumbs up.

Cannabis Tax. Thumbs up for research.

City Manager/Attorney McLaughlin discussed the voting chart provided.

City Council discussed exploring all avenues and having a special City Council meeting.

Councilmember McLewis commented as follows: I keep beating this drum. If we were talking about putting a tax measure on there, we have to convince the voters to vote for it. In order to do that, we need to show that we are looking back at what has happened and changing behaviors. And having goals and identifying what we prioritize. And if we don't do that and continue to do the same thing over and over again, we're just going to be in the same situation again. That is my concern.

Mayor Hinton commented as follows: Having sat on this council seven years, I hear you. Decisions were made by a body of people that don't always agree. And many attempts were done at goal setting. Again, you have five different people with five different goals. I do believe in response to that since I have sat on the Council and you're pointing at the past council, I feel like I have to respond. While I agree with that, I also think what comes first? The chicken or the egg? Do we get the money when we have the opportunity? I still go down the road with how to spend and prioritize? I'm not against goalsetting and prioritizing. I just see these elections. We have March or November.

Councilmember McLewis commented as follows: We are assuming we get it. In order to get the voters on board, we need to show them that we will be fiscally responsible. And spend it in a way that makes sense to them. By doing that, it is talking about this and messaging. That is my thought. I hear you. It's an assumption that it will pass. We don't know that for sure. I just think it would serve us well to do the goal setting and how that message for the community.

Mayor Hinton commented as follows: We need the money and we know we cannot keep running the City with 1.7 deficit.

Councilmember McLewis commented as follows: We cannot keep running it the same way and not least show we are making an effort to do something different.

Mayor Hinton commented I have to say that I feel like we have done it.

Vice Mayor Rich commented as follows: In terms of goalsetting, yes, I am on board. We have a new City Manager coming in. That is a great opportunity. I can hardly wait to make an announcement about that. Yes. I am on board, and I know Stephen is on board. We talked about it. Have to have the goal setting. That is public engagement. There has to be messaging. And trust and confidence. Not a lot of trust and confidence from my perspective if

what happens is, the City goes bankrupt, because we are delaying in order to goal set. The goal setting requires funding, and we are in a fiscal crisis from my own perspective. I have to say, we have three new members. I believe this council is moving forward in a different way. It feels different. It is different. And so, you can sit and say, oh yes, what are we doing differently? We are different. We are moving forward differently.

City Manager/Attorney McLaughlin commented as follows: I do not want to throw cold water on the discussion about other types of taxes. It didn't take me long in researching to come up with a comprehensive list of all the different types. The special taxes that have been passed in California. For example, cannabis. Tobacco licensing. Things like that. Some of which we have and some of which you have already talked about. It either seems to be quite specific to see something we don't even do, or as a low revenue producer. This gives you the procedure for sending it to the ballot. This chart says it won't be a big revenue.

Mayor Hinton commented as follows: It looks like the only option we have given the opinions of the Councilmembers tonight, and I respect all opinions and know we are all acting from her heart for the community, but, the one option that this City Council could pursue, on a majority vote, would be a parcel tax. The three Councilmembers sitting here feel that there's a need to address this emergency, right now, we do have an opportunity to consider a parcel tax. And come back and discuss that at another meeting next week. The idea of a parcel tax is last on my list. It burdens people within our City limits. I think it does in fact create a potential problem for the fire tax. But my goal is to shore up this town. That is my priority. And so, I have to ask my fellow City Councilmembers sitting here tonight, do we need to look at a parcel tax in March? Do we need to consider that? Arrange a meeting next week.

Councilmember Zollman commented as follows: Yes, I agree we are in a horrible situation. We need to act responsibly and about how we address it. Even though the outcome will be horrible, I still think we need to pursue it.

The Council discussed parcel taxes.

Vice Mayor Rich commented as follows: I'm looking at the graph here. If we went for a parcel tax in March of 2024, would it have to be a parcel tax with a special purpose? Or could it be a parcel tax that has a general purpose for our City.

City Manager/Attorney McLaughlin commented as follows: Parcel tax for general City purposes, the rules for special tax apply.

Vice Mayor Rich commented as follows: That is the answer. We could go out for a parcel tax that would go into our general fund. And we could move forward with that in March of next year. Based on a majority vote by the City Attorney. Is that accurate?

City Manager/Attorney McLaughlin commented yes, according to the election's attorney.

Councilmember Maurer commented as follows: We still have the problem; it limits the options in terms of consolidation. If you're sure you don't want to consolidate, then we can talk about the parcel tax. But if you consolidate, I do not want to have our residents have to be double. That is unacceptable. Until that gets clarified, I don't think we should move on that.

Vice Mayor Rich commented as follows: That would be my proposal. It's not my first choice. But yes, the proposal would be, we go forward with a parcel tax to be brought before the voters in March of 2024. It would be a general-purpose tax that we go into the general fund.

The Council asked if there are limitations as to what you can use it for.

City Manager/Attorney McLaughlin commented as follows: I am researching that now. I will have to ask the attorney. I think generally, it is broad. You determine after you receive the money, you determine where get spent.

Vice Mayor Rich commented as follows: In terms of response to the comment by Councilmember Maurer, no, this was not my first choice. I would much rather do a sales tax, which I don't think would conflict with the fire tax, which I don't think would encumber the opportunity for consolidation. But this is the last option that I as one Councilmember have, to push forward what I think is a measure to address a fiscal emergency. I share your concerns.

Councilmember Maurer commented as follows: I don't support a parcel tax for the general fund. That is not specific. Honestly, I think that is asking our residents to bail us out. And that doesn't sit well with me. I would rather look at the vacancy tax. Although I don't think that would raise much money. It could stimulate business. Could stimulate sales tax and get our vacant buildings filled. A lot of people feel sick and tired of seeing CVS in the marketplace empty. There are at least three storefronts empty. I know there's a Halloween store that has only been temporary. It's probably gone already. Looking at a vacancy tax, which we all agreed on, 100%, we could put that on the ballot. And then maybe a second choice would be possibly looking at the cannabis tax or at least getting the information. The last thing is, something our City Attorney said when we came in today. We shouldn't be taking a formal vote on a tax, because the implications of the way the boat could take place tonight was not properly noticed. You wanted to hold a special meeting to make these decisions and use tonight for discussion.

City Manager/Attorney McLaughlin stated a formal vote cannot be taken tonight.

Councilmember Maurer made a motion to look at putting a vacancy tax and getting more information about the cannabis tax from staff. After discussion, Councilmember Maurer withdrew the motion.

Mayor Hinton moved to table the discussion until the Council meets again and gets more information before making a decision.

City staff commented as follows: I would not recommend any motion. You could direct staff to return to a meeting with additional information. You should not be voting on any of that tonight. We do not have enough information for a vacancy tax because we would have to analyze how much to charge for commercial, how long would you give a grace period before you would start, etc. I don't believe personally you will have the information in time for a march election. But you could direct staff to bring back as much as you can for the next meeting.

The Council discussed a special meeting for Tuesday November 14th at 7:00 pm.

Vice Mayor Rich commented as follows: My thought was, given the information from our Assistant City Manager, I would propose, that we ask and set up a special meeting next Tuesday, and we ask of the City Manager to come back with a proposed sales tax and the declaration of emergency. And also, a parcel tax, so we can make a decision between those two options. Because I personally am motivated to do something. I don't know if that's a motion. We have been informed that a motion would not be a good idea today.

As no formal motion is required, the Council directed staff to schedule a special meeting to continue to vet out the measures and provide additional information to continue this discussion,

City staff commented as follows: Requested clarity on what would be conducted at the next meeting. Is Council directing staff return to the next meeting with information on the sales tax, urgency measure, parcel tax and something that Councilmember Maurer is interested in the vacancy tax and cannabis tax as discussed in the agenda.

Mayor Hinton questioned if it was possible for staff to do this for the Tuesday meeting and stated it seems like a lot to ask of staff to do in one week to research cannabis and vacancy tax.

City Manager/Attorney McLaughlin commented we cannot make promises to do all that, but we could do a proposed emergency declaration and a proposed general sales tax. Given the consensus is 3-2 for the fiscal emergency, and not unanimous support, should this be brought back. Also, I was going to ask the elections consultant to give us information on what a parcel tax for general purposes would look like.

Director Svanstrom commented as follows: I want to be clear. A vacancy tax is probably generating \$100,000 a year. This will not change the deficit for the City. It is meant to revitalize commercial areas. This is not a structural fix. Regarding cannabis, I'm assuming most of our manufacturers are pretty small. I'm not privy to the sales tax. I don't have a sense of it.

Councilmember Maurer discussed the revenue from other cities from cannabis tax.

The Council directed the Administrative Services Director to provide information on what other cities are taxing for cannabis and the sales tax revenues.

The Council was in consensus to direct staff to schedule a special City Council meeting for November 14th at 7:00 pm.

Mayor Hinton conducted a recap as follows:

Sales tax for March 2024 Election (3-2 thumbs up)
Vacancy Tax for commercial businesses – thumbs down
Review of formula business ordinance – (3-2) thumbs down
Development fees – thumbs down
Event licenses: Thumbs up to review process
TOT – thumbs down
Sonoma County Tourism – thumbs down
UUT – Thumbs down
Properties – Review of properties – thumbs up
Ask for financial support from County - thumbs up
Tiny Homes/ADUs – 4-1 thumbs down
Parcel tax- return to next meeting for discussion

City Manager/Attorney McLaughlin commented that due to the special meeting at 24 hour noticing requirements, and City Clerk Gourley on jury duty, the packet will not be released until 24 hours prior to the meeting.

The Council discussed timelines / deadlines for ballot measures as well as information that is to be returned to the November 14th Council meeting. City staff will return with information on fiscal emergency, sales tax measure, parcel tax measure, and if time allows information on revenues from cannabis. City staff commented for a parcel tax, we will not have something concrete in front of you on Tuesday that you can just say, let's adopt that. For the emergency/general tax measure, we propose to bring a resolution that combines findings of a fiscal emergency with declaration and sending a measure to the ballot.

Mayor Hinton commented as follows: I think we all understand that. I think the time has been spent on the sales tax measure. It doesn't have the support of the Council. The other stuff has to be researched.

Councilmember McLewis commented as follows: I want to say, I think rushing this isn't good for the citizens. This happens every November. We have something we are rushing through. Every year in November. I'm not comfortable with rushing it and I don't think the public will have time to read everything and educate themselves.

Mayor Hinton commented as follows: I will have to respond and say, I have been talking about a tax since July. Publicly. And of the election in March. We are talking four months away. I believe we are in a fiscal emergency, and I believe we have been there. Three years ago. We have had a problem that we need to deal with. I feel like the time is here.

Councilmember Maurer commented as follows: I also think, considering what our City Manager just said, Mary is on jury duty; Thursday is a holiday. And the public would only get 24-hour notice. It puts a lot of pressure on staff to get a lot of done. I'm wondering why? Why can't we bring this back at the next Council meeting? Why do we have to hold a special meeting? Especially considering our staff is strapped for time? Can we not wait?

Mayor Hinton commented as follows: We already agreed to the special meeting.

Councilmember Maurer commented as follows: But you didn't know they were off on Thursday. There were things we didn't know when we agreed.

Vice Mayor Rich commented as follows: My understanding, I thought in order to meet the deadline, my understanding is, to this City Manager, my understanding was, we needed to pull together our decision that City staff meets earlier rather than later to meet the deadline. Am I missing something?

City Manager/Attorney McLaughlin commented as follows: Sorry to be long-winded. It depends on what you want us to do. We can craft a general tax measure which does not presently have the Council's support. We can craft that fairly easily and quickly. We have done a number of those. For that, which you are not supporting, we could do it in the timeline. We cannot say whether we can do a parcel tax that fast or not. We would rather see a special meeting. There may be other elements that are time-consuming. I would not recommend waiting to take a look at a parcel tax.

Mayor Hinton commented as follows: I think staff will do as much as staff can focus. Which is tough to take action or not based on what they can do.

City Council Action: Council consensus on items for further review/research.

The Council directed the Administrative Services Director to provide information on what other cities are taxing for cannabis and the sales tax revenues.

The Council was in consensus to direct staff to schedule a special City Council meeting for November 14th at 7:00 pm.

Sales tax for March 2024 Election (3-2 thumbs up)

Vacancy Tax for commercial businesses – thumbs down

Review of formula business ordinance – (3-2) thumbs down/Staff stated they would review to see if any changes would be recommended

Development fees – thumbs down

Event licenses: Thumbs up to review process and enforcement process

TOT – thumbs down

Sonoma County Tourism – thumbs down

UUT – Thumbs down

Properties – Review of properties – thumbs up – Staff to review properties and return with recommendations

Ask for financial support from County - thumbs up

Tiny Homes/ADUs – 4-1 thumbs down

Parcel tax- return to next meeting for discussion

Minute Order Number: 2023-251

The meeting was adjourned due to Council protocols and ending time of meeting. There was not unanimous support to move beyond the 10:30 pm ending time.

The following items were continued to the next meeting due to Council protocols and ending time of meetings. There was no unanimous decision to go beyond the 10:30 pm ending meeting time,

#16. Consideration of Amendments to City Council Committee Assignments – Liaison to Sebastopol Chamber of Commerce (The Annual Committee Assignments where all Committees will be discussed will be at the January 16th 2024 City Council Meeting to allow for applications to be submitted to the Mayor for Recommendation Per the Council Process Established December 2022 (Requestor: Mayor/Responsible Department: City Administration)

City Council Action: No Action Taken. Item Continued

Minute Order Number: 2023-252

#10. Amendment of City Council Protocol Meetings for City Council Closed Session Special Meetings and Agenda Review Committee Meetings to allow for in person meetings only (Responsible Department: City Administration)

City Council Action: No Action Taken: Item Continued.

Minute Order Number: 2023-246

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:

17. City Manager-Attorney/City Clerk Reports: (This will be either verbal or written reports provided at or prior to the meeting).
18. 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)

- i. Committee Report /Housing: Continued from October 17th, 2023, City Council Meeting
(Responsible Department: Planning)

City Council Action: No Action Taken. Item Continued.

Reference Order Number: 2023-253

19. Council Communications Received (Information/Meetings/Correspondence Received from the General Public to Councilmembers)
20. 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

November 7, 2023, Meeting will be adjourned to the City Council Meeting of November 21, 2023, at 6:00 pm.
(In Person and Remote/Zoom Virtual Meeting Format)

Mayor Hinton adjourned the regular City Council meeting of November 7, 2023, at 10:34 pm.

Respectfully Submitted:

Mary Gourley
Assistant City Manager/City Clerk