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Minutes for the Regular City Council

25541 Barton Road, Loma Linda, CA 92354

April 23, 2024, 7:05 PM - April 23, 2024, 9:45 PM

Roll Call: *(The following members were in attendance)*

- **Phillip Dupper**, Mayor
- **Ronald Dailey**, Mayor pro tempore
- **Ovidiu Popescu**, Councilmember
- **Rhodes Rigsby**, Councilmember
- **Rhonda Spencer-Hwang**, CouncilMember

1. Call to Order

1A. Call to Order- 7:05 PM

1B. Roll Call- 7:05 PM

Staff Present:

T. Jarb Thaipejr, City Manager

Diane Robbins, City Attorney

Lynette Arreola, City Clerk

Sonia Fabela, Finance Director

Lorena Matarrita, Community Development Director

Dan Harker, Fire Chief

Andrew Sanchez, Customer Support Technician

Lt. Kaysie Smith, San Bernardino County Sheriff's Department

1C. Closed Session/Workshop- 7:05 PM

No items scheduled.

1D. Invocation and Pledge of Allegiance- 7:05 PM

The Invocation and Pledge of Allegiance was led by Council Member Ovi Popescu.

1E. Items to be Added or Deleted- 7:06 PM

No items were added or deleted.

1F. Oral Reports/Public Participation - Non-Agenda Items (Each Speaker limited to 3 minutes. Pursuant to the Brown Act, no action or discussion can be taken by City Council)- 7:06 PM

No public participation upon invitation by the Mayor.

1G. Conflict of Interest Disclosure- 7:06 PM

No conflict of interests were reported.

2. Scheduled and Related Items

2A. Information on the Review of Revenue Options and Potential Implementation of a District Tax, the Requirements for Adoption by City Council, and the Timing Associated with Placing the Item on the Ballot [Finance/City Manager]- 7:06 PM

Finance Director Fabela presented the report into evidence, stating that the City is facing a financial crisis of various variables, including inflation-rising costs. The City's shortfall was projected to be \$(490,200) with reserves covering the difference. At the March 13, 2024, City Council, Planning Commission, Budget Committee Joint Meeting Workshop, there was a discussion on revenue-generating ideas. Recommendations included increasing sales taxes, miscellaneous fees, capitalizing on grants, and cost reduction plans. She went on with her presentation explaining the difference between Bradley-Burns (local tax) vs. Transactions and Use Tax (District Tax) and what the city collects. She further discussed the Transaction and Use Tax (TUT) exemptions and reviewed escalating costs that are mostly the result of high inflation over the last several years. She discussed the Tax Measure process, stating that the one-cent sales tax increase would generate approximately \$7.9 million each year of locally controlled funds and would require to be passed by the vote of the people. Sales tax voting measures should be consolidated with general municipal elections where the City Council seat(s) are up for election. In non-election years, it would then be considered a special election. Should the City place a tax measure on November 2024, it would be a Special Election. It would require the City Council to adopt by a two-thirds vote an ordinance proposing the general tax, then by unanimous vote declare the tax measure a fiscal emergency and place it on the November ballot. She discussed the strict timeline schedule and necessary steps to meet the process. Staff is requesting direction to obtain a consultant to begin the polling process. She noted that the City Manager has been prudent in his spending and put off filling three approved positions in FY 2023-24 to balance the budget. However, it is becoming necessary to hire more employees to alleviate the staffing shortfall and to maintain city services. It is necessary to responsibly prepare for the future, to reduce costs, and to secure additional revenues.

Milford Harrison, resident, supports a ballot measure to increase sales tax; and an increase to the Transient Occupancy Taxes (TOT); and alternate land use restrictions on Redlands Blvd./freeway corridor that would allow for drive-throughs and for the sale of beer and wine at restaurants to attract more upscale restaurants.

Discussion ensued on what actions could be taken based on the agenda description. City Attorney Robbins clarified that while the agenda item description indicates it is "informational," it also states that it involves a "review of revenue options," with recommendations outlined in the staff report. It would be within the purview of the Council to provide direction to staff in selecting a consultant to conduct the polling as recommended. She noted that the City Manager has the authority to approve professional service contracts of up to \$25,000 administratively. City staff would obtain three quotes and select the most qualified consultant for the City. One proposal received was just below the \$25,000. She explained that once the polling is complete, the results will be presented to the

Council. The Council would then make a decision on whether to move forward, which would require a unanimous vote.

Councilmember Spencer-Hwang stated that she reviewed the budget from 2018 to the present and is very concerned. She reviewed the City's organizational chart. She pointed out that multiple employees are filling multiple positions, which is not sustainable. She stated that she supports placing the sales tax increase on the ballot, but to also strategize on how to generate revenue into the City. She noted that she conducted a survey in her district during the election and that the top priority for the community was Public Safety and financial security

Council Member Popescu understands the concerns and is still reviewing and getting a better understanding of the budget. He needs to understand how bad the City's situation to declare a fiscal emergency. He also would like to explore and pursue some of the suggested revenue-generating ideas. He would also support hiring a consultant to assist the city with economic development in the city and work on a plan to generate revenues for the City.

Mayor pro tempore Dailey stated that he has obtained consistent feedback from residents in his district that he was elected to make decisions that are in the best interest of the community. He noted that the residents are not aware of the City's financial situation, but would support a sales tax increase to maintain a safe and clean community. He understands the urgency and supports approving a tax measure; however, he had reservations about hiring a consultant without the input of the City Council. He would like to understand their methodology in conducting this process.

Council Member Rigsby stated that there are many moving parts to consider, such as loosening standards on the Redlands Blvd. corridor, repealing fast food drive-through bans, and the proposed sales tax increase. He questioned the rationale behind the decision to a one percent sales tax increase. Reflecting on his tenure as Mayor and on the Council, he noted that one of his accomplishments was running a tight ship and having the City Manager and city staff multitask job duties. In his view, the crisis is not present, but potential in the future. He expressed concern that if the City receives this additional revenue, they might lose the discipline of maintaining a tightly run operation.

Mayor Dupper reminded the Council that they do not have the authority to approve a sales tax increase, only to place it on the ballot for a public vote. He expressed concern about the City's financial situation, acknowledging that it is unsustainable. He emphasized that it takes about two years to see the benefits if a measure is approved. If they do not put it on the ballot in November, they will miss the opportunity for this revenue option and will have to wait until the next election in two years. He warned that by not addressing this matter, they would be sending a message to employees and residents that they do not care about the future, and that it would be irresponsible not to be prepared.

Gil Garza, Code Enforcement Officer, commented on one of the revenue-generating suggestions, Arbnbs. He stated that Arbnbs are not allowed in the City; that enforcement has been challenging; that he has been with the City for 11 years and wears two hats (Code Enforcement and Animal Control); that he has gone above and beyond and sometimes outside his job description without

being compensated; and that the Public Works crews also work hard and go above and beyond without being compensated.

Milford Harrison confirmed the Public Works Crews are the face of the community because they are out on the field. They need to be treated and compensated fairly. He supports the sales tax increase.

Victor Puentes, Fleet Department, stated that he has been with the City for 10 years; that he is a one-man crew; that he maintains all city, public works, and fire department vehicles; that he does the work in house to save money for the City; and that the Public Works Crews work hard together daily.

Elias Herrera, Public Works Water Production Department, stated that he has been with the City for 17 years; that the Public Works Department is very understaffed; and that the Public Works crews have much knowledge and years of experience to address matters efficiently.

Motion by Ronald Dailey, seconded by Rhonda Spencer-Hwang to direct staff to select and work with a consultant to assist in the process of polling.

Substitute Motion by Ovidiu Popescu to hire a consultant to prepare a business development plan for the City to generate revenue. Substitute Motion failed due to lack of second.

Discussion continued about the polling questions and process. Finance Director Fabela reviewed the work scope of the one proposal the City received. Mayor pro tempore Dailey understood the urgency to move forward but wanted to meet with the Consultant. City Attorney Robbins emphasized that because the City is in such a time crunch, there is no time to schedule interviews or discuss the polling process between the Council and the Consultants. She explained that the Consultant would report the survey results to Council, and, at that time, discuss their methodology. She noted the goal is to report back to the Council by early June, if possible.

Mayor pro tempore Dailey withdrew his motion.

Motion by Dupper, seconded by Spencer-Hwang to authorize staff to work with a consultant to assist in the process of polling and motion failed by a vote of 2-3-0-0; Opposed by Ronald Dailey, Ovidiu Popescu and Rhodes Rigsby.

3. Consent Calendar

Motion by Ovidiu Popescu, seconded Rhodes Rigsby, and passing by a vote of 5-0-0-0 To Approve. *the Consent Calendar as submitted.*

3A. Demands Register - April 23, 2024 [Finance]- 9:07 PM

Approved the Demands Register dated April 23, 2024, with commercial demands totaling \$487,308.44, and Payroll dated April 11, 2024, totaling \$404,671.18.

3B. Approval of Minutes 04-09-2024 [City Clerk]- 9:07 PM

Approved the Minutes of April 9, 2024, as submitted.

3C. Reject All Bids for Landscape Maintenance District, Contract "B" [Public Works] - 9:07 PM

Rejected all bids for the Landscape Maintenance District Contract "B".

4. Old Business

4A. Council Direction Regarding Drive-through Food Service [City Manager]- 9:08 PM

Mayor Dupper noted that many business operators have adapted their business plans to include drive-throughs due to the growing demand for convenience. He emphasized that drive-throughs are no longer synonymous with unhealthy or meat-only options. He mentioned that he has been in communication with business owners, including the owners of Stater Bros., who have attracted interest from businesses that include drive-throughs as part of their operations.

Milford Harrison stated that he has a client in the audience who owns a piece of property on the Redlands Blvd. corridor and who supports lifting the ban.

Councilmember Rigsby asked if the opinions have changed with the School of Public Health faculty. He pointed out that they were very vocal when the Council approved the McDonald's.

Councilmember Spencer-Hwang noted that many faculty members have the same opinion; however, she noted that Covid changed how businesses operate; it changed how individuals pick up groceries; and changed the views of drive-throughs. She pointed out there are more restaurants with drive-throughs that offer healthy food options.

Councilmember Popescu recalled that there was strong opposition to drive-throughs at the hearing. While he is not against drive-throughs, he would like to gauge the community's interest in this matter and would like to determine if drive-throughs attract larger commercial developments for additional revenue. He is interested in this data to assist in his decision.

Mayor Dupper stated that he was one of the council members who approved the project based on property owner rights. He noted that while they were voting on the pad, it somehow leaked that McDonald's would occupy the space, making McDonald's the issue. He emphasized that the decision came down to the fundamental idea of property rights. He also mentioned that the City has thousands of visitors who patronize local restaurants and would like the City to offer those options as choices.

Milford Harrison stated that he visited San Bernardino and drove through a Panera Bread to get a great vegetarian meal. He noted that Panera Bread never used to have drive-throughs in their franchise chain.

Motion by Mayor pro tempore Ronald Dailey, seconded by Rhonda Spencer-Hwang to repeal the ban on drive-throughs and motion carried by a vote of 4-1-0-0; Opposed by Ovidiu Popescu.

Community Development Director Matarrita explained that, with this action, the City would proceed with the public hearing process required to repeal the Ordinance. Discussion ensued about whether the wording of the motion was appropriate.

Substitute Motion by Rhodes Rigsby, seconded by Rhonda Spencer-Hwang, to direct staff to proceed with the required public hearing process to repeal the ordinance pertaining to the drive-through ban and motion carried by a vote of 4-1-0-0; Opposed Ovidiu Popescu.

5. New Business

6. Reports

6A. Reports of Council Members- 9:34 PM

Mayor pro tempore Dailey regretted his vote regarding the sales tax increase agenda item. He stated that the City needs to pursue the sales tax measure process for all the reasons he heard. He stated that it would be a disservice to the city and community if nothing is done.

City Attorney Robbins stated to make a motion to reconsider and those motions can be made by the person in the majority vote.

Motion by Ronald Dailey and seconded by Rhonda Spencer-Hwang to reconsider Agenda Item No. 2A and the motion carried by a vote of 3-2-0-0; Opposed by Ovidiu Popescu and Rhodes Rigsby.

Motion by Ronald Dailey, Seconded by Rhonda Spencer-Hwang to authorize staff to work with a consultant to assist in the process of polling and motion carried by a vote of 3-2-0-0; Opposed by Ovidiu Popescu and Rhodes Rigsby.

6B. Reports Of Officers- 9:45 PM

No reports.

7. Adjournment

The meeting adjourned at 9:45 pm.