

MINUTES
MALIBU CITY COUNCIL
SPECIAL MEETING
APRIL 29, 2020
TELECONFERENCED - VARIOUS LOCATIONS
6:00 P.M.

The following meeting was held pursuant to the Governor's Executive Orders N-25-20 and N-29-20 and fully teleconferenced from various locations during the coronavirus disease (COVID-19) pandemic.

MEETING CALL TO ORDER

Mayor Farrer called the meeting to order at 6:02 p.m.

ROLL CALL

The following persons were recorded in attendance via teleconference by the Recording Secretary:

PRESENT: Mayor Karen Farrer; Mayor Pro Tem Mikke Pierson; and Councilmembers Rick Mullen; Skylar Peak; and Jefferson Wagner

ALSO PRESENT: Trevor Rusin, Assistant City Attorney; Reva Feldman, City Manager; Lisa Soghor, Assistant City Manager; Heather Glaser, City Clerk; Yolanda Bundy, Environmental Sustainability Director; Bonnie Blue, Planning Director; Rob DuBoux, Public Works Director; Susan Dueñas, Public Safety Manager; Kelsey Pettijohn, Deputy City Clerk; and Patricia Salazar, Senior Administrative Analyst

APPROVAL OF AGENDA

MOTION Councilmember Peak moved and Councilmember Wagner seconded a motion to approve the agenda. The question was called and the motion carried unanimously.

REPORT ON POSTING OF AGENDA

City Clerk Glaser reported that the agenda for the meeting was properly posted on April 24, 2020.

COUNCIL COMMENTS

Mayor Pro Tem Pierson stated creating the Fiscal Year 2020-2021 budget was very difficult. He stated cuts had been made to existing programs and across all departments. He expressed gratitude for the strong financial position of the City. He stated the priorities set by the City Council were public safety, Woolsey Fire rebuilding, and school district separation. He stated the only way to balance the budget was with significant cuts. He stated the City needed to save General Fund Reserves for potential future disasters.

Mayor Farrer stated Mayor Pro Tem Pierson and she participated in a call with the University of Southern California Sol Price School of Public Policy on local governments'

response to crisis. She stated she participated in a League of California Cities Los Angeles County Division conference call. She stated many neighboring cities were in a worse financial position than Malibu. She expressed gratitude for the strong financial position of the City and that layoffs were not included in the Proposed Budget for Fiscal Year 2020-2021. She expressed optimism that there may be more revenue than projected in the Proposed Budget for Fiscal Year 2020-2021 and the budget could be adjusted as the year went on.

ITEM 1 NEW BUSINESS

A. Proposed Budget for Fiscal Year 2020-2021

Recommended Action: Provide direction to staff on the Proposed Budget and Annual Work Plan for Fiscal Year 2020-2021.

City Manager Feldman stated this was a very difficult budget. She stated this was the 16th budget she had worked on for the City and thanked staff for its work on the budget. She stated Malibu was a contract city and did not have the costs, including ongoing pension costs, associated with fire and law enforcement staff. She stated the City's main revenue source was property tax, which had remained steady after the Woolsey Fire. She stated the City had a strong General Fund Reserve even after the acquisition of vacant land in 2018 and the Woolsey Fire. She stated it was important to maintain reserves because the COVID-19 pandemic was not over and it was important to be prepared for future disasters. She stated Federal Emergency Management Agency (FEMA) reimbursements were still outstanding and reserves would be needed for cash flow. She stated the City was young and had limited ongoing pension costs. She stated sales tax revenue was impacted by closures of restaurants and non-essential businesses due to COVID-19. She stated parking tax, citation, and film permit revenues were down due to the effects of COVID-19. She stated staff began drafting the Proposed Budget for Fiscal Year 2020-2021 by accounting for mandatory expenses including debt service, property insurance, Los Angeles County Sheriff's Department services, water quality programs, and district elections including redistricting after the 2020 Census. She stated each department made significant budget cuts. She stated the City aimed to provide services based on the core values of the community including Woolsey Fire rebuilding, cultural arts, community programs, and environmental sustainability. She stated the City had always maintained an aggressive work plan that would need to be scaled down because of limited resources available in Fiscal Year 2020-2021. She stated the City was able to use some funds from the Woolsey Fire settlement with Southern California Edison (SCE) to fund staff work on rebuilding instead of using consultants, but some normal staff work would have to shift. She stated staff must forecast multiple years out when making plans for a budget and consider future financial burdens, including increasing debt service costs and an increase in cost for Los Angeles County Sheriff's Department services to staff the substation being built on the Santa Monica College Malibu Satellite Campus. She thanked staff for its work and the Council for its support.

Assistant City Manager Soghor presented the staff report. She thanked Accounting

Clerk Brenda Cho, Accounting Technician Joni Hand, Acting Finance Manager Renee Neermann, and the Department Heads for their work on the budget. She stated the Proposed Budget for Fiscal Year 2020-2021 assumed businesses would reopen in limited capacity in summer 2020 and did not account for a second major outbreak of COVID-19. She stated assessed property values had increased and property tax revenue remained strong. She discussed how sales tax projections were impacted by COVID-19. She stated the Proposed Budget for Fiscal Year 2020-2021 assumed deferred sales tax payments would eventually be paid. She stated expenditures were based on Council priorities and the work plan. She stated consultant costs were cut and staff would be needed to complete that work. She discussed the importance of maintaining a high General Fund Reserve in case of future disasters.

Joel Schulman stated the Dumpster Lid Ordinance needed to be implemented because existing dumpster conditions contributed to rodent problems. He stated the budget should account for staff inspecting dumpsters four times a year. He stated it was important to enforce the ordinance and fine violators. He stated the fines should cover staff costs.

Kraig Hill indicated support for Mr. Schulman's comments. He recommended including implementation of the Dark Sky Ordinance for commercial properties, implementation of the Dumpster Lid Ordinance, and development and staffing of an Environmental Commission in the budget and work plan for Fiscal Year 2020-2021. He stated many charts in the budget presentation could be misleading because the y-axis did not start at zero. He indicated opposition to raising the Planning appeal fee to \$750. He stated there were only six appeals in 2019 and the increased fee would provide little revenue but may create a greater burden on appellants. He suggested linking the fee to the consumer price index, creating separate appeal fees for residential and commercial properties, or creating a hardship waiver.

Doug Stewart stated the City had faced two major emergencies within 18 months. He commended staff for its work on the budget. He stated there was five-million-dollar reduction in General Fund revenue compared to Fiscal Year 2018-2019. He commended the City for budgeting for \$16 million in capital improvement projects with grant or Special Revenue funds, prioritizing Woolsey Fire rebuilding and maintaining staffing levels by using money from designated funds. He stated the City faced budgeting challenges such as a \$500,000 increase in cost for Los Angeles County Sheriff's Department services. He stated the City should prepare and budget for a second wave of COVID-19 and other future disasters. He stated not everyone would be happy with the final budget but it would provide a year of stability.

John Mazza was not present at the time of the hearing.

Councilmember Mullen indicated support for Mayor Pro Tem Pierson's and Mayor Farrer's comments. He stated budget cuts meant having to defer some projects

important to the community. He stated the State of California and every state in the United States was in a state of emergency. He stated the COVID-19 pandemic was the second recent major emergency for the City. He stated the City's conservative budgeting prepared it well to weather emergencies. He stated the City was still in the middle of the COVID-19 pandemic and that it was important to maintain reserves for the uncertain future. He stated the fiscal impacts from COVID-19 could be long lasting. He stated the City had unique strengths and challenges. He stated it was beneficial that the City's primary revenue source was property taxes. He stated it was important to continue the Woolsey Fire fee waiver program. He stated it was frustrating for people that implementation may be delayed for projects like the Dumpster Lid Ordinance and Dark Sky Ordinance. He thanked Cami Winikoff for her correspondence and Mr. Stewart for his comments. He stated adjustments were made to every page of the budget due to the COVID-19 pandemic.

Councilmember Wagner stated the majority of the City's revenue came from property taxes and that revenue stream seemed stable. He stated property values remained high because the quality of life in the City was high. He stated the Dumpster Lid Ordinance, Dark Sky Ordinance, and an Environmental Sustainability Commission would help maintain a high quality of life in the City.

Councilmember Peak thanked staff for its work. He questioned if the sales tax revenue projections were conservative enough.

In response to Councilmember Peak, City Manager Feldman stated the Proposed Budget for Fiscal Year 2020-2021 assumed the Los Angeles County stay at home order was lifted May 15, 2020 and businesses would be able to ramp up operations over the summer. She stated staff contacted local businesses and restaurants about current operations and worked with the City's sales tax consultant to calculate a reasonable estimate for revenues. She stated there were many unknowns that made it hard to estimate future revenues. She stated the COVID-19 pandemic could financially impact residents and potentially lower property tax revenue if there were reassessments and foreclosures.

Councilmember Peak expressed concern revenues may be worse than projected and it could take time for them to rebound.

In response to Councilmember Peak, City Manager Feldman stated the implementation of the Dumpster Lid Ordinance and Dark Sky Ordinance created additional costs for businesses. She discussed the loan program to allow businesses to pay back sales tax revenue over 12 months. She stated she did not know of a plan to recover taxes from businesses that close before repaying owed sales tax. She stated the deferred sales tax was being treated as a cash flow issue at this time.

Councilmember Peak stated it was important to be conservative. He thanked City Manager Feldman for her work.

Mayor Pro Tem Pierson stated staff time was a limited resource like money. He commended the City and the Malibu Chamber of Commerce for supporting small business owners. He expressed concern environmental programs were being delayed. He stated he would personally work on preparing the community for climate change.

In response to Mayor Pro Tem Pierson, City Manager Feldman stated staff was in the negotiation stage of school district separation and had hired financial consultants that were funded in the Proposed Budget for Fiscal Year 2020-2021. She stated after the school district separation proposal was heard by the Los Angeles County Office of Education (LACOE) it would need to be presented to the State Board of Education with additional analysis and an Environmental Impact Report (EIR). She stated the additional analysis and EIR were not funded in the Proposed Budget for Fiscal Year 2020-2021. She stated she expected the City's financial situation would improve by the time those expenses were necessary. She stated the school district separation process was fully funded to get to the LACOE hearing.

Mayor Pro Tem Pierson stated the temporary skate park was coming along well.

In response to Mayor Pro Tem Pierson, City Manager Feldman stated the temporary skate park was fully funded from designated funds and would be open in summer 2020. She stated design for the permanent skate park was funded in the Proposed Budget for Fiscal Year 2020-2021. She stated the estimated construction cost and funding for the permanent skate park had not yet been identified. She staff could apply for grants and do robust fund raising for the permanent skate park.

Mayor Pro Tem Pierson stated the City had been able to implement many new programs and regulations through difficult circumstances in recent years.

In response to Mayor Pro Tem Pierson, City Manager Feldman stated the Dark Sky Ordinance had phased compliance. She stated staff was currently working with gas stations on compliance. She stated the next phase included all commercial properties, which would be complicated and require significant staff time. She stated it would also require property owners to spend money improving lighting. She stated any new projects must comply with the Dark Sky Ordinance and all property owners could voluntarily comply early. She recommended bringing back an ordinance to extend the deadlines by 12 months.

Mayor Pro Tem Pierson stated staff time and money were both limited resources.

Mayor Farrer thanked staff for its work on the Woolsey Fire settlement from SCE. She stated there was a lot of uncertainty about the future. She stated some items required funding such as debt service and Los Angeles County Sheriff Department services. She noted the agreement with the Los Angeles County Sheriff Department had a built-in cost of living increase. She thanked staff for forgoing a cost of living increase in order to help balance the budget. She stated Malibu was

the only city impacted by the Woolsey Fire that waived rebuilding fees. She stated waiving rebuilding fees was a good investment in the community but it came with tradeoffs. She stated the Proposed Budget for Fiscal Year 2020-2021 was appropriately conservative. She thanked Ms. Winikoff for her correspondence. She stated the City had to complete mandatory work and hoped to complete as many other valuable but non-essential projects and programs as possible. She stated enforcement of the Dumpster Lid Ordinance would require significant staff time. She stated she would like to see a culture change regarding waste management in the City. She thanked Assistant City Manager Soghor, City Manager Feldman, and the Department Heads for their work on the budget.

City Manager Feldman stated some staff members were being cross trained to complete work that was normally done by consultants. She stated staff operations would be impacted by COVID-19 and requirements to maintain social distancing. She stated some modifications to staff operations, such as accepting submittals electronically, managing an appointment system for City Hall, and cleaning all facilities multiple times a day, created more work for staff that would limit the time it had for normal business. She stated the Dumpster Lid Ordinance was important but implementation would be challenging because the City could not currently coordinate with waste haulers and businesses to identify, install, and purchase the appropriate dumpster lids. She stated it would require significant staff time to complete four site visits a year at 200 dumpster sites and potentially follow-up with code enforcement action. She stated the Proposed Budget for Fiscal Year 2020-2021 included six unfunded vacant positions, which would leave some departments down staffing. She stated an added complication was that staff members could potentially become infected with COVID-19 in the next year, which would further limit what staff could accomplish.

Councilmember Mullen thanked Mayor Pro Tem Pierson for his question about school district separation. He stated school district separation was a top three priority for the Council.

In response to Councilmember Mullen, City Manager Feldman stated covering the \$30,000 shortfall in the Proposed Budget for Fiscal Year 2020-2021 with General Fund Reserves was the easiest solution. She stated the City had to have a balanced budget and staff had extended the budget process to have as much information as possible and potentially find enough revenue to balance. She stated if staff could not find an additional \$30,000 in future revenue projections it would ask the Council to use General Fund Reserves to cover the shortfall. She stated staff had started with a \$1.5 million deficit and had closed it to a \$30,000 deficit. She stated staff was seeking direction on the work plan. She stated staff would monitor revenue projections in the coming weeks and come back in June with an updated budget.

Assistant City Manager Soghor stated the Proposed Budget for Fiscal Year 2020-2021 was based on revenue and expenditures through the end of March 2020. She stated staff would be able to look at updated numbers from April 2020 and get more

information from Los Angeles County and the State of California about expectations for reopening businesses in the future. She stated staff may find an additional \$30,000 in future revenue projections.

Councilmember Mullen stated programs were not being cut, but implementation was being deferred. He stated some programs had fiscal impacts on businesses that should be considered.

MOTION Councilmember Peak moved and Councilmember Mullen seconded a motion to direct staff to bring back a substantially similar Fiscal Year 2020-2021 Proposed Budget to the June 8, 2020 Council meeting.

Councilmember Wagner stated he was still working on creating an Ombudsman's Office with Pepperdine University which would save staff time.

The question was called and the motion carried unanimously.

ADJOURNMENT

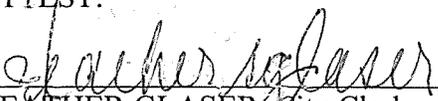
At 7:39 p.m., Mayor Farrer moved adjourned the meeting.

Approved and adopted by the City Council of the
City of Malibu on May 26, 2020.



KAREN FARRER, Mayor

ATTEST:



HEATHER GLASER, City Clerk
(seal)