

**SPECIAL MEETING  
of the  
CITY OF RIALTO  
CITY COUNCIL  
MID-YEAR BUDGET WORKSHOP  
  
MINUTES  
February 11, 2021**

A special meeting of the City Council of the City of Rialto was held in the City Council Chambers located at 150 South Palm Avenue, Rialto, California 92376, on Thursday, February 11, 2021.

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This meeting was called by the presiding officer of the Rialto City Council in accordance with the provisions of **Government Code §54956** of the State of California.

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**CALL TO ORDER**

Mayor Deborah Robertson called the meeting to order at 5:03 p.m.

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**Pledge of Allegiance**

Acting City Manager Sean Grayson led the Pledge of Allegiance.

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The roll was called, and the following were present: Mayor Deborah Robertson, Mayor Pro Tem Ed Scott, Council Member Rafael Trujillo, Council Member Andy Carrizales and Council Member Karla Perez. Also present were Acting City Manager Sean Grayson, Interim City Attorney Eric Vail, City Treasurer Edward Carrillo and City Clerk Barbara McGee.

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**WORKSHOP**

Sean Grayson, Acting City Manager, Bob Chandler, Director of Finance, Stephen Erlandson, Deputy City Manager and Thad Coffing, Accounting Supervisor presented to the City Council to Conduct a Mid-Year Budget Workshop to Discuss Planning and Needed Adjustments for the Fiscal Year 2020-2021 Budget and Give Direction as Needed.

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## **COMMENT**

Council Member Trujillo asked when will the CARES Act come back for further discussion. He believes the needs of the residents are not being met.

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Mayor Robertson believes our marketing and outreach should be revisited.

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Council Member Trujillo asked about the restaurant sales tax revenue data related to outside dining.

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Mr. Chandler stated he does not have an exact breakdown but will have additional data. However, information from sales tax consultants indicated that activity was not duplicated anywhere else in the county. It was attributed to drive-through dining.

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Council Member Trujillo stated he was perplexed with conflicting information knowing a lot of restaurants are struggling and then to hear that the sales revenue sector is up.

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Mr. Chandler stated that would be the expectation. He believes Burger King and McDonald's restaurants would fair better.

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Mayor Pro Tem Scott commented that Rialto a number of years ago, had an excessively high number of fast-food; drive-through restaurants per capita, so he is not surprised at all. He inquired about the difference between the 2006-1 and 2016-1 CFD revenue chart and asked if the 2016-1 CFD was the Citywide permanent CFD?

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Mr. Coffing stated the 2016 is the newest CFD established in 2016.

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Mr. Chandler stated that is the Citywide.

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## **COMMENT**

Mayor Pro Tem Scott stated the number is low. He is requesting a detailed report be sent out to the City Council with a breakdown of the two CFDs by project and the dollars generated per project and the number of houses on each project.

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Mayor Robertson also asked about the difference between the two 2006 and 2016 CFDs. She asked why there was so much in 2006 in approximately \$113,245 and now that we are distributing, it seemed like it was relatively small and wondering why the shift. No real housing activity or development projects. Now is everything in the CFD being distributed throughout departments and there's no percentage that is taken off for just general administrative overhead. So everybody's overhead and association is broken down according to within each department? Is that the new structure for 2016?

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Mr. Coffing stated that was the prior practice 2006-1, all services and revenues were put into non-departmental. At the recommendation of the City Manager, it is now being changed moving forward so that the revenue is broken down to each department for all the major department groups based off of the percentage of their revenues. The smaller departments and non-departmental section would be going into the non-departmental revenue for that overhead. Each of the major departments, Fire, Police, Public Works, and Community Services will get a line item with a revenue amount based off of percentages of expenditures.

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Mayor Robertson stated that was her understanding going forward based on what was adopted in 2016. In 2006 we weren't doing that, so the dollar amount is now distributed based on percentage although it did not occur in 2006?

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Mr. Coffing stated it is being changed, so moving forward it will be.

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Mr. Chandler stated that they will show the breakout amount per home the CFD charge per services in both districts. The amount charged per home in 2016-1 is significantly higher than the Citywide CFD.

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Mayor Robertson is requesting a list of CARES ACT applicants whose applications are still pending.

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## **COMMENT**

Mr. Erlandson stated he will prepare that report and provide it to the City Council.

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Mayor Robertson asked for clarification on the \$9.6 million land assets for potential sell that were removed even though the land hadn't been sold. Where is it being reflected?

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Mr. Chandler stated \$4.5 million for the sale of property is being removed from the budget and \$5.1 million in development agreements. They were removed from budget at the request of the City Council. They were able to offset the reductions of that revenue with other revenues with savings and expenses.

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Mayor Robertson stated she understood; however, did not see where it was reflected in the cumulative numbers. She also inquired about the \$1.5 million reduction.

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Mr. Chandler stated that the Community Development and Public Works Department revenue combined is \$1.5 million. Categories are down because of COVID-19 impacted lower development activity.

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Mayor Robertson asked if the amount in the negative is \$12 million.

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Mr. Chandler stated yes.

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## **Public Comment**

Lupe Camacho is requesting page numbers from the budget for the approximately \$3.6 million dollars that will be adjusted from personnel savings. She would like confirmation that the funds will be used to offset the deficit between expenditures and revenue.

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Mr. Chandler stated that would be correct on the second point.

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Mr. Coffing explained the pagination on the personnel expenses budget and offered to go over the budget with Ms. Camacho.

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Ana Gonzales asked if the City is currently accepting CARES Act applications for rent and utility relief. She asked if the workforce development funds were not used, could the funds be shifted towards rent and utility relief since that is where the need is the greatest.

**COMMENT**

Mayor Robertson is asking that we go back to revisit the progress that is being made to determine what kind of decisions need to be made with funds still pending and make certain funds are fully expended.

Mayor Robertson asked if there is reimbursement associated with ambulance with insurance when people are transported.

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**CITY ADMINISTRATION/  
CITY COUNCIL**

Deputy City Manager Stephen Erlandson presented the budget presentation on City Administration & City Council Department.

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**CITY CLERK/  
MANAGEMENT SERVICES**

Sean Grayson, Acting City Manager and Barbara McGee, City Clerk, presented the budget presentation on City Clerk/Management Services.

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**COMMENT**

Council Member Trujillo asked if the reason for the reduction in passport budget revenue in her department is due to reduced travel and office closure.

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Mr. Grayson stated that is correct. However, City Clerk staff is always busy with passports; so it is on the increase. It will net on the positive.

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City Clerk answered yes. And the numbers and the revenue on passports are picking up.

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**Public Comment**

June Hayes asked why the Management Services position and the City Clerk position budgets were combined and not separated since one is an elected position and one is an employee position for better transparency.

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Mr. Coffing stated that where available the City combines departments with like services. For presentation purposes, we combine the City Clerk's Office with the Management Services together. The two departments work in the same building and share the same staff. We try to keep it as simple as possible with a broad top-down view for the mid-year budget adjustment.

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**COMMENT**

Mayor Robertson stated the question was mainly why we are tracking the resources within departments. We do need to extract out the salaries/stipends for the elected officials and full-time City employee positions. The Management Services Director is a full-time service position. Similarly, this applies to the City Treasurer's Office. Staff salaries and elected officials stipends need to reflect differently.

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Mayor Pro Tem Scott stated that the same can be said of the City Council and the City Treasurer's Office. The City Council's budget is mostly used for personnel. It is more appropriate to separate the City Council's expenses and stipends. This would allow for more transparency.

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Mayor Robertson agrees with Mayor Pro Tem Scott. She then inquired about the positions to be added in the City Clerk's Office.

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Mr. Grayson stated that these positions were contemplated earlier in the budget process. There was a big need in Records Division before COVID-19 and worsened since. Currently, there is part-time staff.

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Mayor Robertson added that the hours of operation and its implementation has a lot to do with the ability to provide service. City operating hours of Monday through Friday 7:00-6:00 p.m., has had an impact on having sufficient staff available during the week. The City still needs to determine to make certain enough staff is available. As we move from COVID-19, working from home and working from the office, we will need to have that conversation.

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**CITY TREASURER**

Edward Carrillo, City Treasurer, presented budget presentation on City Treasurer's Department.

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**COMMENT**

Mayor Robertson asked about the Spintouch, Inc. expense.

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Mr. Carrillo stated it is the face scan temperature reading device. The expense was divided between the City Treasurer and the Finance Department.

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Mayor Pro Tem Scott asked if the Cemetery was under the City Treasurer's Department and why there are no expenses or revenues reflected.

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**CITY TREASURER**

Mr. Carrillo stated he had no input in the preparation of the budget.

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**COMMUNITY DEVELOPMENT**

Alexander Hamilton, Interim Director of Community Development presented budget presentation on Community Development Department.

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**COMMENT**

Mayor Robertson asked where solar permits fall under.

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Mr. Hamilton stated it would fall under mechanical permits.

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Mayor Robertson commented on areas of reduction in part-time and overtime and the turnaround not meeting the needs of the residents. The reduction in staff needs to be revisited to determine how it is affecting the delivery of service.

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Mayor Pro Tem Scott asked what the percentage of overall inspections and plan checks that the City contracts out.

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Mr. Hamilton stated he would need to get that information for him. However, as it relates for contract services for plan check, the City currently has an in-house employee. We are not where we should be, but approximately 80 percent of plan checks are contract services.

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Mayor Pro Tem Scott stated if there is a significant drop in permits, there should be a significant drop in contract services in plan check and inspection services. He wants to make certain that contract services are being reduced to the same or more percentage as with electrical, building, mechanical, residential, et cetera. We should be able to provide all services in-house. He asked Acting City Manager Grayson to report back to the City Council with a report.

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Mr. Hamilton stated there was a sharp decline with all activities due to COVID-19. We are seeing an uptick in activity. The turnaround times will get better. We have a better forum on the plan check side.

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## **COMMUNITY DEVELOPMENT**

Mayor Pro Tem Scott stated that if we have reduced contractor services on plan check, permits and expenses, then we should not have a back log of permits if we have these kinds of reductions. I am really concerned about this, and I think we need to look and find out why. I hope we just haven't kept contract employees and contract services on that are actually doing nothing but being paid. It is not our responsibility to be paying them. He asked Acting City Manager Grayson to report back to us.

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Mr. Grayson stated that it will be provided at the next EDC report on the plan check timeframes including mid-year requests and everything that's been requested tonight.

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Mayor Pro Tem Scott stated he is not stating contract services should be eliminated. If there's a reduction in what we're doing, it should reflect in the budget. If contract services have not been cut, then we should not have a back log of building permits and six weeks for an occupancy inspection.

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Mr. Hamilton stated six weeks is unacceptable.

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Mayor Robertson referenced the report and pointed to several line items. We need a better understanding of the workload in those areas.

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## **Public Comment**

Lupe Camacho asked for clarification in the lined entries in the report and requested that the next time it be presented, there would be more clarity.

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Mr. Grayson stated it will be broken down next time for more clarity.

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## **COMMUNITY SERVICES**

Sean Grayson, Acting City Manager, presented budget presentation on City Community Services Department.

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## **COMMENT**

Council Member Trujillo asked if there were creative solutions for opening up City facilities to save on losses.

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## COMMUNITY SERVICES

Mr. Grayson stated all Divisions in the Community Services Department were asked to come up with a plan for reopening and repurposing for an initial reopening in 2020. It didn't happen, but as the case rate continues to decrease and looks towards the red tier, we expect a phased reopening of some of those facilities including the gym and the pool in the near future. The State guidelines do not open the Senior Center in the red tier. We're looking to see if it can be used for one group at a time and for opportunities to allow the public to use the technology so they can sign up for COVID-19 vaccination and assist the senior with other services and resources.

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Council Member Carrizales asked for a briefing on the City gym membership, revenues and losses.

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Mr. Grayson stated unfortunately revenues are lost. Members' charges continued to accrue but have been refunded at their request and now charges have stopped. Other memberships such as Silver Sneakers, a Federal-funded program has discontinued due to the gym being closed. Simonson Center fees are also attributed in the budget. The rest of the revenues are not there.

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Council Member Carrizales asked for a cost analysis to keep the gym open.

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Mr. Grayson stated he will be providing the City Council with that information. Prior to COVID-19, they were not breaking even. The Tom Sawyer pool did offset the cost, and will provide information on both.

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Council Member Perez asked about the possibilities of bringing in more revenue to the City with pool center rentals to small private groups prior to opening to full capacity.

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Mayor Robertson requested the recommendations from Community Services staff to see what the suggested list was. Some of these areas have experienced a 70 percent reduction. At one point, there was a discussion to take the gym equipment outside the Rialto Racquet & Fitness Center into the tennis court area. Now, we're at 25 percent indoor capacity. Rentals and concession stands are still limited for use. She also asked about direction given to Jill Asher, with the Magical Bridge Program, to contact Healthy Rialto related to community outreach.

What is the plan if we are able to get our County into the next color tier? She also asked about child development activity.

## **COMMUNITY SERVICES**

Mr. Grayson stated currently only virtual activities are being offered. He stated Julio Salcedo is point of contact for the Magical Bridge Project and will make certain he is in contact with the City Clerk to get an update in its entirety as well as the reopening plan for all the Community Services facilities as the County moves into the red tier.

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### **Public Comment**

Lupe Camacho stated that other cities are renting out their facilities to individuals who need space for conducting videos online for marketing purposes.

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## **FINANCE**

Bob Chandler, Interim Director of Finance, presented budget presentation on the Finance Department.

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### **COMMENT**

Mayor Robertson requested clarity on the number of actual employees and budget approved positions.

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Mr. Chandler stated he will provide the City Council updated information.

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## **FIRE DEPARTMENT**

Brian Park, Interim Fire Chief, presented budget presentation on the Fire Department.

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### **COMMENT**

Mayor Robertson stated a comment made in the chat by Ms. Camacho that the adoption of the 20/21 budget was August 11, 2020.

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## **HUMAN RESOURCES**

Stephen Erlandson, Deputy City Manager, presented budget presentation on the Human Resources Department.

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## **POLICE DEPARTMENT**

Mark Kling, Police Chief, presented budget presentation on the Police Department.

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### **COMMENT**

Council Member Trujillo thanked Chief Kling for the work he's done in the department and keeping the community safe. He asked if the speeding policy could be revisited.

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## **POLICE DEPARTMENT**

Chief Kling stated that he will be releasing a new OTS, Office of Traffic Safety, speeding campaign "Slow the Fast Down" press release tomorrow, 02/12/2021, to specifically target speeding vehicles in the City.

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Mayor Robertson asked about modifications related to animal control services.

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Chief Kling stated the City lost three of its animal control officers to retirement. That is one bureau within the department that needs to be rebuilt. One replacement was hired. A second and third will be coming on board soon. They will be trained differently. The community will be pleased with the new approach. The animal control division that Rialto has had in the past will not represent what will be done moving forward. There will be a more strategic approach and using an educational approach once events start coming back to the City. We're right where we need to be as far as rebuilding. We're going to take a bit of a reduction in fines collected, but that will change.

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## **PUBLIC WORKS**

Michael Tahan, Interim Director of Public Works, presented budget presentation on the Public Works Department.

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## **UTILITIES**

Tom Crowley, Utilities Manager, presented budget presentation on the Utilities Department.

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## **Public Comment**

Lupe Camacho stated it would be helpful if information was provided in real-time data as opposed to monthly updates. She is suggesting a total numbers of Utility requests be reflected for final approval. She commented on the City's dependence on contract services

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## **MUNICIPAL ADVISORY REPORT CALPERS UNFUNDED LIABILITY**

Eric Scriven and Mike Myers with NHA Advisors, LLC and Marshall Linn with Bayshore Consulting Group presented CalPERS Pension Costs Update – Introduction to UAL Cost Management Strategies Presentation.

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## **COMMENT**

Mayor Pro Tem Scott thanked the gentlemen for a good presentation. He likes the concept of the 115 Trust and the bond issues. We need to look at alternatives. We need to look at the process. We need to resolve our unfunded liability issue sooner than later. The timing is right.

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## MUNICIPAL ADVISORY REPORT CALPERS UNFUNDED LIABILITY

Mayor Pro Tem Scott wants to assure the community that he nor his fellow City Council members has not met any of the three of them that gave the presentation tonight.

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Council Member Trujillo stated he would have liked the PowerPoint a couple days prior. He stated he is quite familiar with these strategies. He asked about the City of Chino model and the risks and cashflow issues arising from a model such as that. He looks forward to continuing discussions with his colleagues.

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Council Member Carrizales complimented the presenters and thanked them for providing this information publicly so that the residents not only see what the City is facing, how they got here and are putting a plan in place. He asked about the City's timeframe in terms of interest rates. How much time do you anticipate to bring this back, analyze it, take our community in consideration, and still be able to make a wise decision as to which way to move forward with this?

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Mr. Scriven stated that the first wise decision is to make certain that all Council Members and stakeholders fully understand what we talked about. All indications are that we have a good market with a bit of up and down bumps. There could be more bonds coming out. There could be inflation news. You are still in a very low area. You have time to make sure that you make good decisions for the City of Rialto, and we'd be glad to make sure you have all the information you need to do that.

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City Treasurer Carrillo stated it was a very good presentation. One of the things that stood out was the recommendation for a pension fund policy regardless whether the UAL is restructured or not. There is no easy answer to solving our UAL debt. He discussed the diverse options in solving the UAL debt. He briefly went over the City of Chino model that Mayor Robertson would like to explore. In February 2018, the policymakers of the City of Chino liquidated \$68 million dollars, 30 percent of their investment portfolio to pay down their UAL. They made it appear as if the instrument was purchased with \$68 million by issuing a promissory note from themselves to themselves so that the investment portfolio would give the appearance that the portfolio would stay the same. But it's not true. So in their investment portfolio, they have an IOU from themselves, a worthless piece of paper, that is insecure, and it's not liquidable. It's still not ratable as required by the government statutes.

## MUNICIPAL ADVISORY REPORT CALPERS UNFUNDED LIABILITY

City Treasurer stated that to give the appearance that the investment was made. Was it legal? According to their City Attorney which happened to be our City Attorney at the time, they thought it was okay. The auditors reviewed the transaction, and they stated that the recording of the transaction was legal. But was it ethical? I don't think so.

City Treasurer stated that as of today, I cannot identify how much of the investment portfolios I owe money. I'm still waiting for the Finance Department to reconcile the \$48 million dollar reserve that never existed. A recent City Council action reduced the 50 percent reserve down to 30 percent, which is estimated to be \$26 million dollars. Mayor Pro Tem Scott stated to the City Council and to the EDC when I was present, that they would have a reconciliation and report to the City Council on how much of the 30 percent is still available. We're still waiting. It should be about \$22 million dollars. My expectation is that the Finance Department is not going to find the \$22 million dollars waiting to be claimed. The move from 50 percent to 30 percent was a clever smoke and mirror move by the former City Manager Rod Foster. I believe he finally realized that the \$48 million dollar reserve did not exist. So by convincing the City Council to reduce the reserve from 50 percent to 30 percent, then the \$25 million working capital fund would then be reclassified as the new economic reserve and that magically solved the reserve problem. In the meantime, nobody can tell us where the \$48 million is and the City Council bought it. For years, I have stated that the 50 percent did not exist. I stated it publicly at City Council meetings, in front of the City Attorney, City Managers, individual Council Members, and it fell on deaf ears. I stated publicly that we should pursue professional liability claims against the former City Attorney firm and the auditors for their failure. As far as solutions are concerned, if the City Council wants to insist in doing the City of Chino model, I would strongly object to putting in an IOU in my investment policy and make it appear that our investment remains the same in our investment portfolio. Some of the solutions presented are excellent solutions. We can raise taxes. The City of Huntington Beach model is an excellent model. They use the Fresh Start and Pre Pay approach, the 115 Trust that the City Council supposedly approved but never initiated. The last resort is to borrow. I don't think lease streak is the way to go. Let's do it with pension obligation bonds.

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Mayor Robertson asked how long the restructuring process for other Cities has been.

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## MUNICIPAL ADVISORY REPORT CALPERS UNFUNDED LIABILITY

Mr. Scriven stated that there are lot of transactions that are being readied, at least a dozen. It's approximately four-five months. If the City of Rialto wants to have a more robust, educational process; than other cities, you can do that within the validation timeline. You would incur legal costs to pursue the validation. As we noted on the schedule, if you did pursue the validation while you were undertaking this education and evaluation process, that would create enhanced flexibility for the City to pursue, if decided it wanted to. But if it was decided it did not want to, you would not be committed to doing that just because you initiated a validation process.

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Mayor Pro Tem Scott stated he had a comment on City Treasurer's comments. He's made some innuendos that I frankly have a problem with. Mr. Grayson, I hope you heard what he's had to say tonight. It seems we're back on the reserve when this is not the subject of the workshop tonight. It was to educate us and learn and to try to move forward. City Treasurer never seems to want to move forward. I would like our next meeting for you and Staff to address all the issues that he's brought up. And once and for all clear this up. It's time to get it cleared up. He's repeatedly tonight, brought up the concept of taxes and I know some people would like to raise taxes to pay for this unfunded liability. I am one that does not support raising taxes and putting additional taxes on our community. The rest of this City Council can move forward with taxes. I will vote against it. Plain and simple. But I would like to finally address the subject of the reserve fund and the issues that they brought up tonight and try to get it behind us so we can move forward as a City and move forward in a way that can bring City Treasurer on board with us and we can all be happy with how we deal with this unfunded liability. We all may have a different opinion on which way to go and which thing to use. But at the end of the day, the City Council has to make the decision. We can keep sitting here like we have for the last four years and ignore it and it keeps going up and not be resolved. But we need to resolve it. We need to get everybody on board in a way that it makes everybody as happy as it can make them. Please get these items addressed at the next City Council meeting. I hope City Treasurer meets with these gentlemen, and thoroughly go through the scenarios that they brought forth tonight with his recommendation of a scenario that will fit other than raising taxes.

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## **MUNICIPAL ADVISORY REPORT CALPERS UNFUNDED LIABILITY**

Mayor Robertson thanked the gentlemen for taking the time to present. There was a lot more to think about. She read Ms. Camacho's suggestion on how the City can do more discussions on policy and planned workshops. She agrees. It would be great. If we don't have one; we definitely need one. It becomes somewhat of a guiding document. We need to come together and speak to what do we do or make a definitive "do-nothing" vote and continue to let things go. I heard a lot of things that the City Treasurer has said. I recall refusing to vote last year on the midyear budget because of the comments he made about the explanation on the reserves but I thought we came back with something. The comment he made about me wanting to go with the City of Chino model, that may be so. My colleague, Council Member Trujillo and I were reviewing it. At that time, we didn't have these other options. We were looking at two options. We have to make a decision. She recalls sitting with Council Member Carrizales at workshops and being presented with options how to address our unfunded liability. It's not for us not paying attention or really trying to focus on this or keeping it in the forefront of our discussion.

Mayor Robertson stated having attended various Budget Committees, and Unfunded Liability Ad Hoc Committees. The City/County Conference is open to all elected officials. The next one is coming up. It's time for all of us to take what you have shared. In the interest of time, she thanked everybody. She hopes the presentation will be on the website so everyone can view it. She read another question from a attendee regarding the leasing streak process. Further discussion will need to be had. She acknowledged City Treasurer's hand up to speak. However, as presiding officer over the meeting, everybody, other than those who have not already spoken, if they don't express a desire to say something, I am going to thank these gentlemen. This workshop was an action item. Do we get a motion on what we heard and what direction we want to give staff? If there is no action, then I will entertain a motion to adjourn.

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## **ADJOURNMENT**

Motion by Council Member Carrizales, second by Council Member Trujillo and carried by a 5-0 vote, to adjourn the City Council Meeting at 8:45 p.m.

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MAYOR DEBORAH ROBERTSON

**ATTEST:**

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CITY CLERK BARBARA A. McGEE