

**REGULAR MEETING
of the
CITY OF RIALTO
CITY COUNCIL
City of Rialto, acting as Successor Agency to the
Redevelopment Agency**

**MINUTES
February 25, 2020**

A regular 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 Tuesday, February 25, 2020.

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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 Pro Tem Scott called the meeting to order at 5:00 p.m.

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The roll was called, and the following were present: Mayor Pro Tem Ed Scott, Council Member Joe Baca Jr., Council Member Rafael Trujillo and Council Member Andy Carrizales. Also present were City Manager Rod Foster, City Attorney Fred Galante, and City Clerk Barbara McGee. Mayor Deborah Robertson and City Treasurer Edward Carrillo were absent.

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ADDENDUM TO THE AGENDA

City Attorney Galante stated there are five matters of existing litigation to be added to the Closed Session.

Four of the matters are for the tank farm cases. There was a development after the posting of the Agenda on the return of monies.

Equilon Enterprises, LLC v. City of Rialto
San Bernardino Superior Court, Case No. CIVDS1602980
Phillips 66 Company v. City of Rialto
San Bernardino Superior Court, Case No. CIVDS1516839
SFPP, L.P. v. City of Rialto
San Bernardino Superior Court, Case No. CIVDS1603260
Tesoro Logistics Operations, LLC v. City of Rialto
San Bernardino Superior Court, Case No. CIVDS1603163

ADDENDUM TO THE AGENDA

Motion by Council Member Trujillo, second by Council Member Baca Jr. and carried by a 5-0 vote to add the four cases to the Agenda.

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Mayor Robertson arrived at 5:02 pm

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City Attorney Galante stated another matter that needs to be added is an existing litigation case. Penaloza v. City of Rialto. There was a ruling over the weekend that impacts this case. It came to their attention after the posting of the Agenda.

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Motion by Council Member Baca Jr., second by Council Member Carrizales and carried by a 5-0 vote to add the existing litigation case to Closed Session.

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CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9.

Number of cases: One case

Abatement Action and/or Appointment of Receiver for Property at 2760 N. Linden Ave.

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Motion by Council Member Baca Jr., second by Council Member Trujillo and carried by 5-0 vote to go into Closed Session at 5:04 p.m.

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City Council returned from Closed Session at 6:11 p.m.

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CALL TO ORDER

Mayor Deborah Robertson called the meeting to order at 6:40 p.m.

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The roll was called, and the following were present: Mayor Deborah Robertson, Mayor Pro Tem Ed Scott, Council Member Joe Baca Jr., Council Member Rafael Trujillo, and Council Member Andy Carrizales. Also present were City Manager Rod Foster, City Clerk Barbara McGee, City Attorney Fred Galante and City Treasurer Edward Carrillo.

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Pledge of Allegiance and Invocation

Mayor Pro Tem Ed Scott led the pledge of allegiance.

Reverend Richard Casias – St. Catherine of Siena Catholic Church gave the Invocation.

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City Attorney's Report on Closed Session

City Attorney Fred Galante stated that City Council met in Closed Session and discussed the items listed on the Agenda and the three items that were added.

1. Conference with legal counsel – initiation of litigation. One Case. Abatement Action and/or Appointment of Receiver for Property at 2760 N. Linden Ave. City Council received an update and no reportable action was taken.
2. Conference with legal counsel – existing litigation. Equilon Enterprises, Phillips 66 Company, SFPP, L.P., Tesoro Logistics Operations LLC v. City of Rialto. City Council received an update and no further reportable action was taken.
3. City Council held a discussion on the Penaloza v. City of Rialto matter. They received an update on the latest developments and no further reportable action was taken.

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PRESENTATIONS AND PROCLAMATIONS

Presentation – Women in History Month - Council Member Rafael Trujillo recognized some women from the community.

Mayor Robertson presented participation certificates for Run Around the Rocks.

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ORAL COMMUNICATIONS

John Lenau, Rialto resident stated he was talking to the Fire Chief about the five county pockets in the City. He doesn't understand this, why there is a piece of county property. The City has to negotiate with the County because it's on the list to be resurfaced but its county property. Its seems irrational and out of control. Maybe they should think about annexing the five county pockets into the City of Rialto. Why should they have all these jurisdictional disputes and problems.

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Mayor Robertson stated those pockets are scheduled to be annexed into the City. This is what they are trying to resolve, its getting the resources from the County to recover the repairs that should have been made. Rialto will be taking on the county pockets.

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CONSENT CALENDAR

A. WAIVE FULL READING OF ORDINANCES

1. Waive reading in full, all ordinances considered at this meeting.

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B. APPROVAL OF WARRANT RESOLUTIONS

- B.1 Warrant Resolution No. 31 (02/13/2020)
- B.2 Warrant Resolution No. 32 (02/20/2020)

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C. CLAIMS AGAINST THE CITY

- C.1 Abdul Adli - personal injury
- C.2 PacBell/AT&T/Diane Mancini

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D. MISCELLANEOUS

- D.1 Request City Council to Approve the Purchase of Workstations for the Rialto Police Department's Investigations Unit from Nexus Office Environment, Inc. in the Amount of \$15,963.71.
- D.2 Request City Council to Approve the Purchase of a Havis Prisoner insert to be placed within a Ford Transport Van. The Van will be Outfitted by 10-08 Retrofit, Inc. for the Amount of \$26,404.66.
- D.3 Request that the City Council Approve Resolution No. 7596 Approving the First Amendment to the Billboard Relocation Agreement between City of Rialto and Lamar Central Outdoor, LLC, to change the location of a previously approved billboard relocation from the southwest corner of Foothill Boulevard and Cactus Avenue to the southwest corner of the SR-210 Freeway and Ayala Drive.

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Motion by Council Member Carrizales, second by Mayor Pro Tem Scott and carried by a 5-0 vote to approve the consent calendar.

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TAB 1 – Ordinance – Off-site Advertising Structures and Relocation Agreements

Matt Schneider, Community Development Director presented the staff report regarding a proposed Ordinance for Off-site advertising structures and relocation agreements.

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Mayor Robertson declared the public hearing open.

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Resident asked if any of the billboards will be electronic billboards. When the sun goes down and it's a great deal of illumination and it seems to be a nuisance. The City may want to take that into consideration when they are being approved

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TAB 1 – Ordinance – Off-site Advertising Structures and Relocation Agreements

Motion by Mayor Pro Tem Scott, second by Council Member Baca Jr. and carried by a 5-0 vote to close the public hearing.

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Council Member Trujillo stated he noticed the billboard companies doing marketing on bus stops. Would this Ordinance include the marketing at those locations.

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Mr. Schneider stated this relates to relocating existing billboards that would otherwise not be allowed under the existing regulations. It provides opportunities to relocate them in more desirable locations. The establishment of billboard advertising will be covered under their general signage requirements as a private commercial signage.

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Council Member Trujillo asked if there are any provisions, such as not having alcohol advertising, near schools.

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Mr. Schneider stated the Ordinance itself doesn't prescribe a specific prohibition on that type of advertising. The general requirements are that they are consistent with the character of the community and there is discretion amongst the City Council to choose if that type of advertising is appropriate. If they wanted a prescriptive prohibition of certain types of advertising they could incorporate it into the Ordinance. They have to cognizant of 1st Amendment rights as well.

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City Attorney Galante stated what they typically do is when they enter into these agreements, negotiated agreements they have a lot more latitude in what they can prohibit as opposed to putting it into the Municipal Code. Uniformly, in the relocation agreements they have put in that prohibition.

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Council Member Trujillo stated but it doesn't include the bus stop advertising.

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Mr. Schneider stated no, its not specific to that.

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Mayor Robertson stated the bus stops are under the jurisdiction of Omnitrans.

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Mayor Pro Tem Scott stated he is curious to know what brought about the necessity of this Ordinance.

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TAB 1 – Ordinance – Off-site Advertising Structures and Relocation Agreements

Matt Schneider, Community Development Director stated as a new staff member he became aware that the City had been processing relocation agreements and understanding that the Ordinance is silent about that and it seemed appropriate to include provisions. He wanted to make sure they had guidelines for staff, so everyone is operating under the same rule and regulations and consistent with State regulations.

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Mayor Pro Tem Scott stated that he appreciates that it's a good idea. There are a lot of other antiquated ordinances in the City. Also, other items they have been waiting for such as moratoriums on islands in certain places and the change in those ordinances.

In relation to the gentleman that spoke, they are sensitive to the lights being in residential neighborhoods. If fact, they had asked that one be relocated from an area even though it was a main thoroughfare. They clearly do look at that.

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City Treasurer Carrillo stated it was mentioned this could generate money for the city but then it says there is no business license for the operation of the billboards. So, where will the revenue come from.

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Mr. Schneider stated some of the existing relocation agreements have been located on City property and they are able to negotiate a lease agreement.

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City Treasurer Carrillo asked why would they be exempt from a business license.

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Mr. Schneider stated he would need to look at that, it was existing practice and protocol.

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Mayor Robertson stated in the ordinance under Section 2 and number 6 it notes that no sign structure shall be placed within 500 ft. from any property used as a public park, school, cemetery or church regardless of the zoning districts.

She wanted to make sure it was not built in as part of a process where its going to be a vote of either decline or not. Her understanding on the language was for them to review it and it would be advisory because it would already be in the proper zoning.

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Mr. Schneider stated that is correct, it would be purely an advisory recommendation. The ultimate decision whether to enter into an agreement is that of the City Council's.

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TAB 1 – Ordinance – Off-site Advertising Structures and Relocation Agreements

City Attorney Galante read the title of the ordinance:

ORDINANCE NO. 1635

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, AMENDING PORTIONS OF CHAPTER 18.102 OF THE RIALTO MUNICIPAL CODE RELATED OT OFF-SITE ADVERTISING STRUCTURES (“BILLBOARDS”) AND RELOCATION AGREEMENTS

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Motion by Mayor Pro Tem Scott, second by Council Member Baca Jr. and carried by a 5-0 vote to waive first reading and pass to second reading of Ordinance No. 1635.

The vote was: AYES: Mayor Robertson, Mayor Pro Tem Scott, Council Member Baca Jr., Council Member Trujillo, Council Member Carrizales. NOES: none. ABSTAIN: none. ABSENT: none.

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TAB 2 – Mid-Year Budget Report

Jessica Brown, Finance Director presented the staff report regarding the Mid-Year Budget Report.

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Rod Foster, City Manager stated its council’s current policy that when there is left over funds in the budget there is a trickle down that has been the funding source for the Baca Turch Park of \$1.7 million. He wanted to thank Council Member Baca Jr. for his support and leadership of agreeing with staff’s recommendation that if there is a trickle down they would be bringing a structurally balanced budget. That those dollars instead of funding the Baca Turch Park it would be utilized to bring that unfunded liability or to pay OPED. He appreciates the standpoint they have a park that is potentially undeveloped, and it’s been named before its even built. He he had the conversation with Council Member Baca Jr. with respect to his family and he appreciates his support of the City from the standpoint of what they would like to do to be able to get this financial ship to where it needs to go over this decade to a place where they see those dollars coming back to them in 2029-2030.

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Mayor Robertson thanked staff for the work. She sees added material after their briefing.

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Mayor Pro Tem Scott asked Police Chief Kling, what does a part-time reserve police officer bring them and why all of a sudden a reserve police officer.

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Police Chief Mark Kling stated he doesn’t have an answer for them tonight.

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TAB 2 – Mid-Year Budget Report

Mayor Pro Tem Scott asked then why are they requesting this?

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Police Chief Mark Kling stated that is a great question, he will need to check with his staff and see how that got requested.

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Mayor Pro Tem Scott stated interesting. Regarding the Code Enforcement Officer, in his meeting with the City Manager and the Deputy City Manager he told them he opposed this position. One, he thinks they are in a bigger need of an administrative person, than a part-time Code Enforcement Officer. Two, he has seen no report since they have changed Code Enforcement to Community Compliance Division. Why are they calling this person a Code Enforcement Officer? It should be a Community Compliance person. He cannot support this until he knows what improvement has been made in that department. What have they succeeded with and where are they currently at with that. He will vote against this budget unless they pull that item for a separate vote.

In regards to the dollars they asked for the various engineering companies. Can anybody tell him are these new dollars to be spent or has there already been dollars spent that this money is covering.

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Savat Khamphou, Public Works Director stated it's a combination of dollars that have been spent, as well as new dollars.

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Mayor Pro Tem Scott asked can they explain why Public Works would have authorized work without having an approval from the City Council to spend dollars.

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Mr. Khamphou stated with past staff and the development projects continue to be ongoing. The purchase orders typically come before City Council 2-3 times a year. It hasn't come forward to City Council to catch up with the services that have been performed.

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Mayor Pro Tem Scott asked why did they proceed with projects if they did not have approved dollars.

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Mr. Khamphou stated the projects are Development Services projects. They know these are reimbursed and paid for by the developers. They don't want to discontinue the inspection services for these types of projects. The services were on-going, and this is why they are here to try to catch up to that.

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TAB 2 – Mid-Year Budget Report

Mayor Pro Tem Scott stated because these have been prepaid by the developers or are they paid after?

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Mr. Khamphou stated they are typically prepaid by the developers and anything after if there is ongoing services.

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Mayor Pro Tem Scott asked if there are funds to cover all those charges.

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Mr. Khamphou stated yes, there are funds to cover.

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Mayor Pro Tem Scott asked, with Lockwood Engineering how much of the \$450,000 is for work already completed.

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Mr. Khamphou stated they project approx. \$50,000 - \$60,000 a month so they are backed in payment of about \$100,000. The additional funds are projections for the remainder of the fiscal year.

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Mayor Pro Tem Scott asked about PPM Group.

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Mr. Khamphou stated PPM Group, they are not in the red, they are good and are projecting future work, in addition to acquiring their services for staff augmentation. Since he has started, they are down five staff and two staff augmentations that are leaving.

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Mayor Pro Tem Scott asked about Wallace Engineering.

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Mr. Khamphou stated with Wallace Engineering, they are talking about 3 months of invoices roughly at \$60,000 each. The additional funding is for remaining services.

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Mayor Pro Tem Scott stated so that is \$180,000. In those 3 months have they been paid any money.

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Mr. Khamphou stated they have not been paid because they don't have a purchase order in place.

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Mayor Pro Tem Scott stated they have moved people forward doing work without being paid for three months.

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TAB 2 – Mid-Year Budget Report

Savat Khamphou, Public Works Director stated they have continued the project to make sure they were not interrupted.

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Mayor Pro Tem Scott stated he has a concern about that because all three of these companies are relatively small companies. They have had companies working in violation of their own policy because they have not approved those funds. They have put those businesses in jeopardy by not paying them for three months. He has an issue with that and it's totally unacceptable in his opinion. He will support approving these amount tonight, but this is unacceptable in his opinion. He won't vote for this again. This City Council gave explicit direction that they want to start phasing out outside engineering management and inspection services and go internal. There has been no move to do that whatsoever.

This takes him to the page on Pension CalPERS membership. They stated the active membership is 292. Transferred, terminated, retired is the difference for a total of 1330. If he reduces the active workforce of the city, are they not paying less money into UAL?

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Jessica Brown, Finance Director stated no, because UAL is an existing obligation.

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Mayor Pro Tem Scott stated but existing employees and their payments into the system are covering those costs.

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Ms. Brown stated correct.

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Mayor Pro Tem Scott stated so if they reduce employees in the City, they reduce the amount that goes towards that. It's like social security, if everyone stops paying it today, everybody on social security wouldn't be getting checks.

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Ms. Brown stated correct.

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Mayor Pro Tem Scott stated he is surprised that all this other stuff was in here that was not covered when he met with Finance. He wished the pension stuff was discussed.

As far as the reserves, he is in support of reducing it but not in support of reducing it tonight. And earmarking money for Capital Improvement Projects, when he looks at their budget and sees they have a huge amount of money for Public Works projects and they have not spent very much money on these projects. That is extremely concerning to him. There's something wrong.

TAB 2 – Mid-Year Budget Report

Mayor Pro Tem Scott stated he doesn't want to commit another \$10 million for Public Works projects when they don't know where they are even at with the current Public Works dollars they have in CIP. He has asked for a workshop where they can go project by project to find out where they are at. Reprogram anything they need to reprogram. Discuss a way where they are going to remove the public works department forward and start getting work done. He looked at the pothole dollars and they have tons of money for potholes, but they are not patching potholes. They have paving money they are not using. He doesn't understand that. At what point do they turn that corner, Mr. Foster. He asked for a workshop and hopes his fellow council members supports him on this.

He is going to ask for a roll call vote on this.

He is asking that the two part-time employees be pulled from the budget both Police and Code Compliance for a separate vote.

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Council Member Baca Jr. thanked Ms. Brown for bringing this budget forward. He too concurs with Mayor Pro Tem Scott in regards to the reserve officer. His position on this, at some point in time they need to bring more officers to the City when they look at the growth and development going on. There are a lot of issues they need to deal with. He thanked the Police Dept. for holding down the fort. The Police Chief couldn't answer why they asked for a reserve officer and not given justification. Regarding the part-time compliance officer, one of the things that City Council or the community has got is an update on what the priorities are and where they are at. Not that he couldn't support a part-time officer at some point in time but at least they get an update on priorities and needs.

One of the things he does like in the budget, in the Human Resources Dept., addressing some organizational changes is important. A couple of issues he hopes they address is making sure the employees remain in compliance with any training. The evaluation process and expediting the hiring process. He knows that is important to them, as they have vacancies or new positions, if they can expedite the process. They are providing services to the community.

The other thing they need to look at is the unfunded liability. The fact they are trying to address it is important. It's something that has been hanging over them.

What has been the big spike in revenue?

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Ms. Brown stated that primarily sales tax and property tax. The City has had multiple years of development. Although they do expect it to flatten out and stabilize they are still right at the end of the climb. The rest of the City revenues are stabilized. They do expect another good year and they are outperforming every other city in the area. HdL loves coming and talking to them about it because they have not seen anything else like this out there, on the sales tax side or the property tax side.

TAB 2 – Mid-Year Budget Report

Jessica Brown, Finance Director stated that the sales tax has doubled in 5-7 years. Its 100% the sales tax and property tax. That forecast, it was difficult for HdL to see what that meant for the City. That's why the jump is a little bit greater every single year based upon the forecast.

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Council Member Baca Jr. asked how do they compare to other cities as it comes to sales tax; revenue climbing compared to other cities in the County of San Bernardino.

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Ms. Brown stated apples to apples comparison she is not sure how they perform. She will say that the growth the City has experienced has actually increased them to the top two or three with respect to the overall County pool. Those are not point of sales transactions but more of their warehouses. The City is getting a greater portion of the County pool sales tax because their growth is outperforming all the other cities. The only City that has outperformed them is Loma Linda because they are building a hospital. No other City is performing like Rialto at this point in time.

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Council Member Baca Jr. stated it's a good thing to point out to the public because he knows at one point Rialto was losing more sales tax than actually coming in. More people were spending their money on the outside. Its good to see the community supporting the local businesses. In regards to the Baca Turch Park, he knows they have Frisbie Park which is maybe 1/3 of the way done with construction. Putting that money towards reserves or to potential future capital projects is something they need to take a look at. They have done a pretty good job with the parks, but he concurs with Mayor Pro Tem they have to start looking at other things in regards to capital projects. They have slowed them down to get caught up. They are at the point now where they have to reevaluate the capital projects. He would support a workshop so that direction be given clear on their priorities for the City. Roads are the highest priority in his opinion, because they all use the roads. In regards to 50% he is glad to see the City is very healthy financially. In regards to hiring future staff, he thinks they need to make sure before they hire employees, they have to be given justification on why they need these employees. The full City Council should be briefed on what the needs are and why they need to hire that new staff person before it comes to City Council. The 50% reserve policy, he would support keeping it at 50% for the time being. He is in favor of looking at the 35%, they have to have a full discussion with City Council maybe as a workshop. They have to continue on the good path but they have to address a lot of the capital items.

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TAB 2 – Mid-Year Budget Report

Council Member Carrizales stated he supports most of what has been said by his colleagues. Regarding the purchase order increases, can they explain how much the savings are funded by other salaries.

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Ms. Brown stated she can give the overall because the analysis that was performed in conjunction with the department. The budget when it was adopted for 19/20 there were some staff positions requested by Public Works that were not awarded. So, there was available budget that because if that request would be reduced in the budget. The statement was that if the positions were not approved then the contract services would need to commence. The salary savings is where the budget was, and the savings are a direct result of the positions having not been granted or filled. Those savings will be transferred to contract services.

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Council Member Carrizales stated he knows they eventually want to stay away from these contract services. For now, he agrees they shouldn't have these contractors without payment.

Regarding the capital reserves, on the airport liability they have \$4.6 million. How much more that do they still anticipate they need that is still liability for them.

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Ms. Brown stated that is going to be a part of another look at the agreements they have outstanding for the airport. That was an amount that was part of a formula, historically the life of the agreements. It is anticipated that amount specifically will be looked at. However, it held this point in time because it wasn't going to be a recommendation to release it at this time until they fully understand what the contingent liability is needed for.

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Council Member Carrizales stated that he does support them looking at bringing down the reserves but does believe they need a workshop. This is a lot to be bundled into one item. An important thing for him is to pay of the UAL and to use some of that money for a major project to really take care of the streets and make an impression on the residents that they can see that they are out there doing the best they can to make the community a safe place.

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Council Member Trujillo stated he had the opportunity to sit with the Mayor to go over the preliminary report. He wasn't aware they were going to talk about the UAL as part of the budget process. The comments about the reserves makes sense to want to have a full discussion about reserves separately and make good informed decisions. For him, the pension trust for the UAL is really important if they can start exploring options.

TAB 2 – Mid-Year Budget Report

Council Member Trujillo stated he knows there is some idea of using the reserves as a reserve pension trust, where they would use part of the reserves to actually invest into the pension trust. It would still be classified as part of the reserves.

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Ms. Brown stated essentially what happens, the 115 trust allows and has the ability to have a different portfolio that has the potential of higher earnings. It doesn't have the same restrictions as the current general fund has. That is one benefit of the 115 trust. The piece is keeping and maintaining the 50% reserve balance. There are still funds available that have no designation that could be considered for that UAL at this point in time which is approx. \$7 million. Those fund wouldn't impact the general funding reserve funding rate. That would be a recommendation from her that this is some thing they can consider currently without touching the reserve level and that can be part of the bigger discussion as desired by City Council addressing the full CIP program for the city. She wants to be sure that City Council is clear that those funds are currently available for consideration. As far as reserving, just as they have other reservations in the General Fund Reserve Balance. Yes, they could earmark the money specifically for the the mitigation for the UAL. The true benefit as she indicated are OPED 115 Trust made 20% last year because of the ability to invest it in different portfolios. They were safe funds but again not tied by the same restrictions that are bound with respect to their full portfolio they have in the General Fund.

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Council Member Trujillo stated they talked about positions being added. With the HR/Risk Manager, he agrees with a lot of the comments of having more support at the HR level. He looks forward to the safety program. At other agencies he knows it helps lift the morale of employees. It takes team work to prevent injuries and promote safety. He looks forward to that position come to fruition and benefit the employees here. They do see a lot of injuries among the employees, it would be great for that position to promote safety and ergonomics.

Regarding the other positions, and talking with some of the Lieutenants, there have been challenges with sick leave or taking a vacation when it comes to scheduling. He suspects there may be some scheduling issues.

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Police Chief Kling stated they are currently advertising for Reserve Police Officers which is voluntary. So, there is no cost, its someone who volunteers their time. He believes this is asking to add the position to the salary table for volunteer. It states one addition of one part-time. It's his understanding to just add title only and not requesting any additional bodies.

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TAB 2 – Mid-Year Budget Report

Council Member Trujillo stated they are trying to break out of the mold of being a bedroom community but a destination place where you would spend money. The work they have done with the Renaissance and economic development in the community is really bringing them the revenue. The only thing is, they see challenges that are coming up.

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Mayor Robertson stated when they had their briefing, there are things they didn't walk over. She was amazed to see some of the things they discussed but had not come to a final statement and she had asked about them before. Starting with the previous City Council direction and the direction they had given and coming back with a more detailed report as to who has decided to study the feasibility studies of forming a fire district or not. Then to see it here with justifications or an overview of what it would mean. It caught her off guard, as well as the Section 115 Trust they talked about before and other alternatives. She didn't think they really finished sorting through them. The General Fund Reserve policy, she thought they weren't in a position to take action. The policy they have was set by an Ordinance by previous City Council of 50% and they need to make a decision on what that revision is.

Getting back to the part-time reserve police officer, when they get into changing positions and they put titles back on they have to come up with some dollar value with the title. They don't just sit a title there and not have a classification schedule to what this going to mean part-time. When they were briefed they talked about doing a clean-up or removing of classifications, titles or positions they know they will not go back to. If they are needing or looking an officer or someone dealing with commercial enforcement. Dealing with trucks and truck routes. If they are going to start planning for it, she hopes they have a parallel going so as they look at the moratorium they have in place and looking at the truck routes, to then plan for a commercial officer. Is this a special classification or a police officer.

The same goes for the other positions, they always talk about moving a lower administrative to a higher senior position. But those FTE's don't wash out each other. Usually a higher position dollar wise is going to cost more than the lower position you are eliminating. Not saying it doesn't make sense to get there. They need to see what becomes that sum difference and how does that get added into the personnel dollars. When they start talking about the reserve and changing it. It's a conversation they need to have in workshop format. She wants to make sure they have the community in an engaged manner and participatory on this. She is socially moderate but fiscally conservative when they start talking about lowering it. She seen when they were in \$3 million deficit and no one saw that coming. People were using funds they should not have using the funds. When they were moved back they found themselves in a much deeper structural deficit. She is looking through, when they talk about public works and dollars. It's great to put in one time \$10 million for the roads. But they still need to have a plan.

TAB 2 – Mid-Year Budget Report

Mayor Robertson stated at the same earlier today, the gentleman got up and spoke about the annex. They have that obligation. Once they make sure they improve their roads, they will still need to deal with the five pockets. They are going to have some expectation of something is going to happen and they have sorted that out. They had \$3-\$5 million given to them at the time they took over Foothill Blvd. which was a State Route. Last budget they knew it was still there and now they don't know know where it is. She remembered the conversation last year; they still hadn't spent it. Partly, because it was to put Foothill Blvd. in state of good repair, but it required raised medians. It required certain things, and they went back and re-evaluated. If they didn't make those changes and put those things in place, they still need to know where that money is. For it not to come up anywhere on this sheet, she is concerned on how they are accounting for it.

Given the political climate they are in, in a downturn people are selective on how they spend their money. She doesn't think they are a community that would manage to insulate themselves from that.

She would like to see the Code Compliance again. She hasn't really seen any reports but has heard good things and received some letters. But they haven't really seen some quantifiable data that shows them some of the things are changing they talked about.

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Mayor Pro Tem Scott stated if he recalls, the requirement of the 50% reserves needs to be further clarified because some of it is used for day-to-day operations. In his opinion that is really not reserve money if they are using for day-to-day operations. They need to set a policy as to whether or not the Finance Dept. could use reserve money for day-to-day operations. If the City Council decides that is ok, then he is ok with that. But if its not ok, then that money has to be in a separate account as reserve funds. It concerns him if something were to happen tomorrow and they were suddenly in trouble financially. Where is that money and can it be immediately used to get them through? Today as it stands, the answer is no. so they really are not reserve funds. They have to address that. If they need to take a portion for day-to-day operations that is one thing, but if they have reserve funds then it needs to be reserve funds.

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Mayor Robertson stated another part of the reserve fund conversation, one time they looked at the reserve number only on the dollars that were in the General Fund and not already restricted or set aside. It was 50% of that. Somehow they have a larger number they are looking at and then 50% of that. They need to make sure they are on the right page and they all have the same understanding. They said they wanted 50% to be able to operate their situation for 6 months. Whatever the operating figure was for that year. For some reason they had to deal with no more expenses to keep themselves afloat. Every time they talk about cutting it to 25%-30% she thinks about they will be able to run for 4 months before they have to deal with the hard questions of reduction.

TAB 2 – Mid-Year Budget Report

Mayor Robertson stated if that is not the simple reason of why they have the reserves and what they have the reserves for. Its not just for the rainy day but to be able to address a situation perhaps to bring themselves down to where they get back to mere basics. Then they need to be clear on what they reserves are going to be and what its intended for.

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Council Member Baca Jr. stated even before they get to the reserve policy, they have to deal with the capital first. There is a bunch of items where the money has not been spent. This is an alarming concern. He doesn't want to start putting money into roads when they may already have the money.

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Mayor Robertson stated she thought they were going to have that conversation, and the new City Manager said no more added capital, just deal with what is in the books. They probably need to go back and determine if there is money put into a project or a line item that hasn't been spent. Have they gone back and checked to see if the project is warranted. What they did tonight about the Baca Turch Park, but they still haven't really made a decision but a suggestion. Even if they have the park piece off they still may need to have some type of a community element they no longer have that could currently serve their community. Yet, they still don't have a facility that can accommodate 300-400 people. The Baca Turch Park may not be a park, but it may be something else. A facility that can be of service to the community. They can remove the money of \$1.7 million but it's not going to take care of what they are trying to accomplish in terms of infrastructure improvements.

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City Manager Rod Foster stated they wouldn't want to repurpose that money in any way. That is previously what the City Council set aside. The suggestion was they simply would use whatever they had in excess to deal with the unfunded liability. He appreciates the feedback. They attempted to show of the \$7.2 million available they can demonstrate they have a structurally balanced budget. Instead of calling it cashed balanced by dealing with the unfunded liability is a one-time expenditures over the next 7-8 years.

He agrees on how they include and show that benefit to the community is very important. In terms of the reserves, they were looking to see if there was any feedback to it. They were not taking that to a number at the 50% level they were able to demonstrate the was an additional \$7.2 million there. They will be able to start knock down some of the things facing the City Council.

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TAB 2 – Mid-Year Budget Report

Mayor Pro Tem Scott stated that amount showing for the Baca Turch Park of \$1.7 million is for the purchase of the property that already has been done.

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Jessica Brown, Finance Director stated the figures that are represented there are all cash basis.

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Mayor Pro Tem Scott stated when they had asked Mr. Steel he stated it was the purchase of the property. It's the same exact number because he compared it with the former budget. They need to clarify that.

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City Treasurer Edward Carrillo stated regarding the UAL, if he understands the presentation correctly, the current staff levels is currently servicing the pension obligation?

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Jessica Brown, Finance Director stated the normal cost, that percentage covers the obligation associated with the current years salary.

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City Treasurer Edward Carrillo stated he understands that, the UAL or the unfunded liability they are behind in arrears. To Mayor Pro Tem Scott's question whether we increase or decrease employees does not impact what they are in arrears. It only impacts the current obligation.

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Mayor Pro Tem Scott stated it adds to it though.

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City Treasurer Edward Carrillo stated no, if they keep paying the current obligation it shouldn't be adding to unfunded liability or what is past due.

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Mayor Pro Tem Scott stated if they decrease employees that are currently under a pension program they are adding to it because they are not paying their way.

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City Treasurer Edward Carrillo stated the current employees are paying their share and they are current on that. The UAL is what they are behind.

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Mayor Pro Tem Scott stated there is no question about that but what they are paying in is also paying those people who are currently retired.

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TAB 2 – Mid-Year Budget Report

City Treasurer Edward Carrillo stated that was the clarification asked for, is it correct or not correct. Depends on who defines it.

As to the reserve policy, in May 2000 the City Council at the time approved a working capital fund that was to be funded by the landfill money they received at the time. That fund was established. The resolution of the law says the fund is intended as an interest earning vehicle for the General Fund. That working capital fund still exists and he still invests it and it still generates interest income to the General Fund. It says that was the intent of that and was established with a \$12.5 million funding at the time and there had been some additional dollars deposited into that. It goes on to say what it can be used for, but the intent was to be an investment vehicle for the General Fund to generate revenue. In 2004 the City Council then passed the General Fund reserve policy, a whole different other fund to be established in a Fund 030. He has had his conversations with the City Attorney on his concerns that the Resolution has not been followed since it has been enacted. He had the conversation with Mike Story, Robb Steel, Ron Carr, Misty Cheng, and Jessica Brown. The most recent conversation with the current auditors asking them to please shown him why they are not following the current law that says at the end of every fiscal year after what they determine what the ending fund is that Finance is supposed to report to the City Council saying they have X number of dollars and from that they are going to put X number of dollars into the reserves until they reach that 50%. Again, that resolution says the purpose of that is for economic uncertainties and other financial hardships or downturns in the Local, State and National economy. Local disasters or catastrophic events, future debt or capital obligations, cash flow requirements and legal requirements. This has never been done since it was established. They are saying here at the end of June they are going to have this 50% projected. But that isn't what the Resolution says. It doesn't say "they should project to have a reserve." The Resolution is very clear, that every year they are supposed to put money into the reserve fund and put it into a separate account and invest it and generate interest income. If they all recall the last meeting that Mr. Carr attended before he left the first time and they discussed this. He specifically stated to City Council; they should do as the City Treasurer says, that money needs to be put in a separate account as the Resolution says. Its never been done. They have had auditors here year after year telling them they have this 50% reserve, but it doesn't exist. He has asked the auditors to point to him where this 030 fund with 50% of money. When people ask him, where is the reserve, can he show them that. No, he can't. They definitely need a workshop.

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Mayor Robertson stated he did say he spoke with general counsel because she doesn't think this has ever been brought to them to have a conversation about how do they reconcile two different resolutions.

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TAB 2 – Mid-Year Budget Report

City Treasurer Edward Carrillo stated one is Working Capital and that exists and the other is the General Fund Reserve Policy.

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City Manager Rod Foster stated he is happy the City Treasurer spoke to the auditors about this, who will be here at the second meeting in March. At that point in time they should get an answer from the auditor to try and resolve this. He knows its been a concern of the Treasurer and they need to resolve it.

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Mayor Pro Tem Scott stated its been a number of their concerns because they have asked what account is this money in. they have never got a straight answer. This is nothing against Ms. Brown because she is relatively new, but this has gone on for a long time and they have to resolve it.

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City Manager Rod Foster stated he doesn't want to make it seem like they are behind on unfunded liability. That UAL came upon them because the CalPERS board lowered their investment returns. As a result, their number ballooned. They are on time on their payments. They don't have to find \$155 million in new dollars. They have the lion share of that unfunded liability already built into the baseline budget that staff members here built into that. What he has been trying to attack is a structural deficit to show how much more they need to be able to do to be current. He'd love to be able to pay it off if they could, all at one time, because then they save the 7% that PERS is making them pay for the dollars that wouldn't have been there. He doesn't know if he agrees calling it interest. Its PERS making themselves whole on their back. If they pay it, then they don't owe it. If they don't, they have to pay it if it wouldn't have been there. This process is the standpoint of being able to demonstrate just how financially sound this organization is. He thinks they have to take complex problems and make them as simple as they can. Answer the questions placed on the dais but from the standpoint of the financials. Understanding they only have to find a little bit more to get them to that year 2028 where they are going to see \$3.2 million in a growing number until the end of that 20 years. It's a big number, and he is not going to say that its not a bad number. He can't control what CalPERS did but there is a plan that is in place. A plan this City Council adopted. Now they need to figure out and come to understand its a one time number. He appreciates that Jessica Brown highlighted that. They don't need to consider that a recurring number because it's going to sunset 28/29. If they can have a conversation on how they can put more money into it. Those numbers are going to get smaller. He wants to celebrate the standpoint of what's already been done. They way its been brokered to the community and explained to this City Council has been with a lot of fear that is not needed to be there.

TAB 2 – Mid-Year Budget Report

City Manager Foster stated he looks forward to continuing this process through workshops into the budget process. To bring this to a standpoint where they do know financially where they are and where they are going over this next decade.

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Mayor Robertson stated in the briefing, where they are going to forecast and see themselves in the future. They've built in, what he's saying is not that overwhelming and overbearing, but it is. It becomes almost the full conversation and she differs with it because she doesn't feel this community, and with her being a resident, property owner and taxpayer as well, need to keep putting off. What do they do to improve their facilities and give to the community something they can be proud of. They are sitting there trying to struggle with UAL, unfunded liability and PERS. That is the only thing they are going to focus on. They have to have some parallel paths of how do they get things to do. For her personally she is not excited about hearing it happen and will be seeing clear blue skies by 2028. She is not ready to buy into that. They need to come with something. They are paying the bill, but they got this hit from PERS because they want to cover their butt. They are saying the rest of them, the community, gets put further on hold. They are in buildings, built in 1965 which is another conversation they need to have. They can come up with something because if they get creative and come up with ways where they accomplish something. They can probably generate some revenue and look at different models. When she gets back into this conversation, she gets back into what they all have to live with an struggle for. The citizens are the ones also having to pay for the retirement of those that have gone (1,130). They are also paying for current employees. Everyone else's dreams, wishes or improvements and the roads get put on hold because they are going to shoot and work on it now for another 8 years. She is concerned because he also mentioned that the auditors will be here. She will have to say if the Treasurer spoke to them and this keeps coming up, why doesn't it come up with the auditors. Auditors are there to determine if you have accounted for everything properly according to the general accounting rules. If they are raising policy issues and showing discrepancies then they should have been telling them about that last year. They have two conflicting policies. They have a new team on, and they should be telling them if that is the role of the auditors. The ones before that, they got rid of them because they didn't bring forward certain things. She is looking forward to hearing from the auditors and ask why haven't they found that policy to address. They certainly found another policy to address.

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City Manager Rod Foster stated the auditors are in their second year, so it's a great question to ask them.

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TAB 2 – Mid-Year Budget Report

Motion by Council Member Baca Jr., second by Council Member Carrizales and carried by a 4-1 vote, Mayor Robertson voted No, to approve the Mid-Year Budget, with the continued 50% reserve, to remove the Reserve Police Officer and part-time Code Compliance Officer from the citywide classification table.

2. City Council to Adopt and Approve **Resolution No. 7597** Mid-Year Budget Adjustment.

3. City Council to Approve the **Resolution No. 7598** updating the citywide classification and compensation plan/table repealing and replacing resolution No. 7581 approved December 10, 2019.

4. City Council to Authorize a Purchase Order increase with Wallace and Associates for On-Call Construction Management, Inspection and Materials Testing Services in the amount of \$400,000.

5. City Council to Authorize a Purchase Order increase with Lockwood Engineering Company in the amount of \$450,000 for On-Call Civil Engineering Services Related to Land Development Plan Checking Services.

6. City Council to Authorize a Purchase Order increase with PPM Group, Inc for On-Call Construction Management, Inspection, Materials Testing and Engineering Services in the amount of \$650,000.

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TAB 3 – Authorize the Transfer of Public Funds for Participation in the 2018-2019 Medi-Cal Rate Range Intergovernmental Transfer Program

Fire Chief Sean Grayson presented the staff report regarding the Authorization of the Transfer of Public Funds for Participation in the 2018-2019 Medi-Cal Rate Range Intergovernmental Transfer Program.

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Council Member Trujillo stated in the past when they first started this program it was a great way to help residents to get medical care on the spot and bring revenue to help with the capital program. He thanked him for that leadership. He is sure other cities are moving in this direction as well.

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Fire Chief Sean Grayson stated there are only two in the Inland Empire that participate in this program.

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Mayor Robertson stated bringing this to the community has been beneficial, having just recently experienced the need for an ambulance and other medical services. It can be a nightmare and she would like to talk to the Fire Chief about AMR's policy and the County of San Bernardino and how they contract with them. She found that AMR has to go through all the various different counties and their services and what's allowed varies.

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TAB 3 – Authorize the Transfer of Public Funds for Participation in the 2018-2019 Medi-Cal Rate Range Intergovernmental Transfer Program

Motion by Council Member Carrizales, second by Council Member Trujillo and carried by a 5-0 vote to approve and authorize the Transfer of Public Funds for Participation in the in the 2018-2019 Medi-Cal Rate Range Intergovernmental Transfer Program authorizing the City Manager or his designee to execute program documents.

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TAB 4 - contract with the County of San Bernardino to receive funding in the amount of \$45,000 for the Complete Count Census 2020

City Clerk Barbara McGee presented the staff report regarding a contract with the County of San Bernardino to receive funding in the amount of \$45,000 for the Complete Count Census 2020.

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Council Member Trujillo stated they are actually going to involving the community by creating census champions during the pledging process. He thought that was unique. Then they are going to give really good incentives out for people bringing in their questionnaires. The challenge is targeting the areas with low income housing and glad they are focusing in on them.

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City Clerk McGee stated they have already defined the hard to count areas including the number of apartments and mobile homes in the area. The goal this year is to make sure that Rialto is not one of those cities that have not met their percentage quota.

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Mayor Robertson stated she is glad the committee is meeting the challenge. They spoke about kiosks. Will they have a kiosk in City Hall?

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City Clerk McGee stated they are working on that. The community will know they have Census in the City.

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Motion by Council Member Baca Jr., second by Council Member Carrizales and carried by a 5-0 vote to approve the contract with the County of San Bernardino to receive funding in the amount of \$45,000 for the Complete Count Census 2020 to provide services and outreach activities.

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REPORTS

Mayor and City Council gave their reports.

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ADJOURNMENT

Motion by Council Member Baca Jr., second by Council Member Trujillo and carried by a 5-0 vote, to adjourn the City Council Meeting at 9:42 p.m. in memory of:

Katherine Johnson

(8/26/1918-2/24/2020)

Mathematician for NASA for 35 years
portrayed in the movie Hidden Figures

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MAYOR DEBORAH ROBERTSON

ATTEST:

CITY CLERK BARBARA A. McGEE