



City of South Gate
Budget Subcommittee
September 15, 2020

STAFF REPORT

AGENDA ITEM NO. 2

TO: Budget Subcommittee

FROM: Carmen Avalos, City Clerk



SUBJECT: APPROVAL OF MEETING MINUTES.

PURPOSE: To historically preserve the events of the Advisory Board Meetings.

RECOMMENDED ACTION: Approve the Special Meeting minutes of July 9, 2020 and Regular Meeting minutes of August 18, 2020.

BACKGROUND: Amendments should be provided to the City Clerk's Office at least 24 hours prior to the meeting as to have verification of the record and allow for corrections to be made accordingly. A revised document will be provided to the subcommittee prior to the Meeting for adoption.

ATTACHMENTS: Minutes of the Budget subcommittee.

**MINUTES FOR THE SPECIAL MEETING OF THE
BUDGET SUBCOMMITTEE
THURSDAY, JULY 9, 2020**

CALL TO ORDER The special meeting of the Budget Subcommittee of the City of South Gate was called to order by Al Rios, Vice Mayor at 5:07 p.m.

ROLL CALL Carmen Avalos, City Clerk

PRESENT Vice Mayor Al Rios, Council Member Maria del Pilar Avalos, City Treasurer Greg Martinez, Jackie Acosta, Director of Administrative Services

ABSENT Kim Sao, Deputy Director of Administrative Services

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BUDGET The Budget Subcommittee reviewed and discussed the FY 2020-21 Maintenance of Effort Budget.

Jackie Acosta, Director of Administrative Services presented an overview of the FY 2020-21 Maintenance of Effort Budget.

Virginia Johnson, thanked Ms. Acosta for her work and supports the Police Department budget with no cuts.

Amanda Tapia, would like to see the City Council reevaluate the Police Department Budget including overtime. She recommends a 10% pay cut for the City's highest paid employees and freeze the purchase of the encrypted scanner for the Police Department.

Edin Enamorado, stated that the City violated the Brown Act by not posting the agenda 72-hours before the meeting. He is in support of defunding the Police Departments budget and look at community enforcement.

Carmen Avalos, City Clerk stated that any meeting that is considered to be a Special Meeting needs to be posted within a 24-hour period in which the City has complied with. The 72-hour posting is required for a Regular Meeting.

Karla wants the City Council to improve how information is getting out to the public. She supports defunding the Police Department and would like to see the Council reconsider the purchase of the encrypted scanner for the Police Department.

Alberto Avalos Cervantes, Steven, Daniela, Serena, Ashley Dominguez, Lilliana, Stephanie, Caroline, Yesenia, and Jessie Ruiz spoke in support of defunding the Police Department and reinvesting the funds into the

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BUDGET CONT'D

community. They demand a 50% cut on the Police Department budget, a freeze on new hires, regulations on overtime, a 10% pay cut for City Officials and freeze the purchase of the encrypted scanner for the Police Department.

Veronica stated that she does not think the agenda was posted on time and also supports defunding the Police Department and reinvesting the funds into the community.

Kimberly E. supports defunding the Police Department and reinvesting the funds into the community. She suggested that the City waive penalties for residents that are having problems paying their water bills.

Ms. Acosta responded that currently the City is not charging any fees for people that are late paying their water bill.

Joe spoke in support of the South Gate Police Department. If each member of the community could go on a ride along, they would see why we need police services funded.

Jose spoke on the lack of community programs for low income residents and supports the defunding the Police Department. The Police Department needs to better regulate the overtime account.

Carmen Avalos, stated that for the people that spoke on the posting of the agenda she requested that they go onto the Agenda Center. The Agenda Center specifies what time the documents were uploaded onto our system. The posting time is the time that we actually posted on our City Hall outside kiosk which is our mandated posting location as well as the current posting location on our website. Staff does not have the ability to change the dates or times that are posted on our Agenda Center as the program stamps the date and time automatically.

Vice Mayor Rios asked how the agenda is posted and if it is translated into Spanish.

Ms. Avalos responded that besides the City website and posting board, we also post at our libraries which are currently closed so it is not available to the public at these locations. We are very limited due to the restrictions from COVID but we are posting within our legal requirements.

Council Member Avalos thanked the public for their comments. She suggested looking into posting 48-hours in advance to give the public more of an opportunity to join these meetings.

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BUDGET CONT'D

Ms. Acosta stated that she realizes it is a concern of the Community that we posted only 24-hours in advance and as the City Clerk said we did meet the letter of the law. This is not our normal practice and she does not want anyone to think that this is the fault of the City Clerk. The City Clerk's Office not receive the agenda item from Ms. Acosta until late and the 24-hour posting was because of this.

Vice Mayor Rios also thanked the public for their comments. The Vice Mayor requested that we take a look at what it would look like if we cut each department by 3-5%. We need to get COVID testing back in the City of South Gate and work on getting better WiFi for the residents. He also suggested programs to support renters, a virtual summer youth program, mental health issues, water payment assistance, and assistance for food and security.

The Vice Mayor suggested using some of the funds put away for the court house rehabilitation to cover these programs since this is an emergency situation.

Council Member Avalos suggested that in addition to each department looking at a 3 and 5% cut to their budgets also review what a 10% cut would look like. She believes that the resource center is what the community needs right now and this project would help with a lot of the concerns of the community.

Vice Mayor Rios stated that the money that has been budgeted for the court house was more for structural repairs because the building does not meet safety requirements for occupancy.

Ms. Acosta responded that this is all something that staff can provide but she is not sure if staff would be able to prepare a detailed report by the July 21st meeting. We can also continue to discuss options at our Budget Subcommittee Meetings as staff works on budget recommendations. Staff can provide more detailed presentations by each department at future Subcommittee Meetings.

Greg Martinez, City Treasurer stated that 1% of the budget is about a half a million dollars, 3% would be 1.5 million. In 2003, the City had no money with about \$300,000.00 in reserves. In 2008, there was a huge financial crisis. During this time Mr. Martinez consistently voted against the budget because we did not move towards fiscal responsibility and cuts. To right a ship, you might start with a 1, 2, or 3% cut which would start to bring our budget to a more balanced budget. He suggested one time draws from an account to cover items like WiFi on Tweedy Boulevard and COVID testing.

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BUDGET CONT'D

Clearly, we are in crisis mode but at the same time we need to be fiscally responsible. Fiscal responsibility is leadership. We should allow the Department Heads and City Managers make their decisions because they can provide the best-informed choices of how a budget cut will impact our community.

Vice Mayor Rios asked if the City kept spending at our current rate how long would the reserves last?

Ms. Acosta responded that staff is projecting almost a \$7 million dollar shortfall this year and if we made no changes to the budget and if the revenue comes in low by the end of the year, we would have used \$7 million dollars of our reserves. So, by June of 2021 we would take our \$40 million dollars down to \$33 million dollars. It should last a few more years but we do have things that need to be addressed and look to see if there is a way to increase revenues or reduce costs.

Council Member Avalos asked what other types of revenue is staff looking at? She suggested looking at an increase in the business license fee for large businesses within the City.

Council Member Avalos doesn't want to see these cut be made on the back of our employees. The City can only do so much for our residents and she asked everyone on this call to do what they can with their resources. She also suggested improving the City's website and making it easier to find the resources that are available. Lastly, she suggested the City setting up a City Clerk's Office Facebook page in English and Spanish that would post agendas and allow the community to get information about the meetings.

City Treasurer Martinez stated that currently the City has a cap on their business license fee in the amount of \$3,000 for large businesses like Walmart. If we were to increase that cap that would create extra revenue. This would not affect the smaller businesses.

Ms. Acosta responded that currently the businesses pay a percentage of their receipts but it is capped at \$3,000. There are other ways to bring in revenue and staff will look into options and bring back a report to the Council in the future.

Carmen Avalos, City Clerk announced for the audience members that once the Vice Mayor closes the Public Comment no further comments can be heard unless the Vice Mayor directs.

Vice Mayor Rios allowed Public Comments to reopen.

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BUDGET CONT'D

Veronica thanked the Vice Mayor for allowing her to speak. She agrees that this crisis should not be placed on all City employees. We do not need to cut from all departments when we have 8 of the 10 highest paid City Officials in the Police Department. The reason they are targeting the Police Departments budget is that we are urging you to reimagine public safety.

Steven agreed with Veronica and does not support having the lower paid City Employees carry the burden.

Adolfo Varas stated that the City needs to figure out a way to work with local nonprofits like the Chamber of Commerce and Tweedy Mile to assist with costs of programs like the free WiFi on Tweedy Boulevard. He supports the Police Department and doesn't agree with the proposed cuts on their budget.

Lucy Lucano and Jennifer support defunding the Police Department.

Alberto Avalos Cervantes supports defunding the Police Department and not look at cuts across the board.

John Montalvo, 9815 Virginia Avenue, questioned why this meeting wasn't posted within the normal 72-hour requirement. COVID has affected everyone and we need to reevaluate the City's budget. There is no question that South Gate has a spending problem. There were purchases of greeting cards and lunches. The City needs to step up and require salary cuts. Staff needs to be held responsible for what each department is spending.

Raul F. Salinas, City Attorney responded to the many comments on the posting of today's Agenda. He stated that it is 72-hours for regularly scheduled meetings per the Brown Act but because this is a Special Meeting the posting requirement is 24-hours.

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MINUTES

The Subcommittee Members approved the meeting minutes of March 19, 2019 and April 16, 2019 by motion of City Treasurer Martinez and seconded by Vice Mayor Rios.

ROLL CALL: Vice Mayor Rios, yes; City Treasurer Martinez, yes; Council Member Avalos, abstain.

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ADJOURNMENT Vice Mayor Rios unanimously adjourned the meeting at 7:28 p.m. seconded by Council Member Avalos.

PASSED and **APPROVED** this 15th day of September 2020.

ATTEST:

Al Rios, Vice Mayor

Carmen Avalos, City Clerk

**MINUTES FOR THE REGULAR MEETING OF THE
BUDGET SUBCOMMITTEE
TUESDAY, AUGUST 18, 2020**

CALL TO ORDER The regular meeting of the Budget Subcommittee of the City of South Gate was called to order by Al Rios, Vice Mayor at 5:05 p.m.

ROLL CALL Carmen Avalos, City Clerk

PRESENT Vice Mayor Al Rios, Council Member Maria del Pilar Avalos, City Treasurer Greg Martinez, Jackie Acosta, Director of Administrative Services

ABSENT Kim Sao, Deputy Director of Administrative Services

1
CITY REVENUES The Budget Subcommittee reviewed and discussed sources of City revenues.

Jackie Acosta, Director of Administrative Services gave a presentation on City revenues and stated that the Budget Subcommittee meetings are a way to educate City Council and the public about the City Budget. Any recommendations that the subcommittee wants to make always goes back for a full Council decision.

Carmen Avalos, City Clerk read into the record an email received from Christopher who is against raising taxes and fees. He supports defunding the Police Department and reallocating the funds to other City budgets.

Carmen Avalos, City Clerk read into the record an email received from Amanda Tapia who supports defunding the Police Department.

Carmen Avalos, City Clerk read into the record an email received from Isami M. who supports defunding the Police Department by 20%.

Carmen Avalos, City Clerk read into the record an email received from Cassandra Perez who supports defunding the Police Department.

Vice Mayor Rios asked if anyone in the audience wants to speak on this item.

A resident stated that he supports Proposition 13. He understands that it is bad for the revenue of the City but it protects the residents. South Gate does not have a budget problem. South Gate has a spending problem.

Ms. Chavez spoke in support of defunding the Police Department.

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1 CITY REVENUES CONT'D

Adolfo Varas spoke in support of using reserves during an emergency. He stated that we shouldn't be focusing on cutting the Police Department because we are in a pandemic and our funds should be used to support our residents.

Carmen Avalos, City Clerk read into the record an email received from Alejandra Leon who supports Proposition 15 on the November 2020 ballot and urges City Council to advocate the passing of this proposition.

RECESS

Prior to the conclusion of item 1, the Budget Subcommittee recessed at 7:21 p.m., and reconvened at 7:28 p.m., with all Members of the Subcommittee present.

Julie supports defunding the Police Department.

Kent supports marijuana dispensaries and the possibility of bringing these businesses into the City as a revenue source. He is also in support of defunding the Police Department.

2 POTENTIAL REVENUES

The Budget Subcommittee reviewed and discussed potential new and/or increased revenues.

Jackie Acosta, Director of Administrative Services gave a presentation on potential new and/or increased revenues.

Carmen Avalos, City Clerk read into the record an email received from Daniela who is against utility user taxes. She wants to see big businesses carry the burden of higher taxes and supports defunding the Police Department.

Council Member Avalos would like to review the franchise fees being charged to companies like Southern California Edison and other utilities as a possible source of revenues.

City Treasurer Martinez would like to review the cap on the business license charges and would like to know if this would have to go to the voters or if it would be council action.

Vice Mayor Rios suggested for an upcoming Budget Subcommittee meeting to have a presentation on retirements and CALPERS.

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POTENTIAL
REVENUES CONT'D

Ms. Acosta explained that for the next few meetings she will bring before the Budget Subcommittee, department presentations but will start working on a report regarding retirements as well. She stated that the Parks and Recreation Department would be the first Department to present at the next meeting.

Council Member Avalos and Vice Mayor Rios suggested that they would rather hear from Public Works or Community Development because of the fact that due to the pandemic the Parks Department has not been able to provide services to our residents.

Vice Mayor Rios also suggested finding out how surrounding cities are dealing with the pandemic and budget shortfalls.

Vice Mayor Rios asked if anyone in the audience wants to speak on this item seeing no one come forward the Vice Mayor closed the public comments.

ADJOURNMENT

Vice Mayor Rios unanimously adjourned the meeting at 8:26 p.m. seconded by Council Member Avalos.

PASSED and APPROVED this 15th day of September 2020.

ATTEST:

Al Rios, Vice Mayor

Carmen Avalos, City Clerk