



Last Resolution No. 19-1098
Last Ordinance No. 19-0343

AGENDA

SPECIAL MEETING OF THE SOLVANG CITY COUNCIL

(ADDITIONAL ITEMS MAY BE ADDED TO AGENDA IN CASE OF EMERGENCY AS EMERGENCY SPECIAL COUNCIL MEETING)

COUNCIL CHAMBERS
1644 OAK STREET

March 20, 2020

7:00 PM

Please be advised that, pursuant to State Law, any member of the public may address the Council concerning any item on the Agenda.

Special City Council meetings are broadcast live on **Channel 23** in the Santa Ynez Valley, and stream live on the City’s website at **www.cityofsolvang.com/City Council**

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

1. **PUBLIC COMMUNICATIONS – WRITTEN OR VERBAL**

2. **EXECUTIVE REPORTS**

3. **DECLARATION OF CITY OF SOLVANG COVID-19 PUBLIC HEALTH AND SAFETY AND ECONOMIC CESSATION EMERGENCY**

Declare City of Solvang Public Health & Economic Cessation State of Emergency for the City of Solvang due to COVID-19 Public Health Federal and State declarations of emergency, directives and Santa Barbara County Health Order mandates.....4

4. PUBLIC AND ECONOMIC ASSISTANCE PROGRAMS FOR COVID-19 EMERGENCY

Provide staff with policy direction to implement emergency aid measures for residents and businesses including payment deferrals of the City of Solvang.....14

5. IMPLEMENT FISCAL CONTINGENCY PLAN TO ADDRESS IMMEDIATE EMERGENCY RESPONSE AND MITIGATE ECONOMIC IMPACTS

Provide staff with policy direction to take measures to provide emergency response and to adjust operations and expenditures to address economic impacts and ensure long-term fiscal health including taking action to make immediate budgetary adjustments.....17

6. ADJOURNMENT

AFFIDAVIT OF POSTING

I, Daryl A. Betancur, Interim City Clerk, for the City of Solvang, California, DO HEREBY CERTIFY, under penalty of perjury under the laws of the State of California, that the foregoing notice was posted at the City of Solvang City Hall bulletin board, Solvang website at www.cityofsolvang.com, on this 19th day of March 2020.

Copies of staff reports and supporting documentation pertaining to each item on this agenda are available for public viewing and inspection at City Hall, 1644 Oak Street, Solvang, during regular business hours and on the City's website www.cityofsolvang.com, in addition, any writings relating to an open session agenda item provided to a majority of the Council after the posting of the agenda, will be identified and available separately at City Hall and may be posted to the website.

In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the office of Administrative Services at 688-5575 or the California Relay Service. Notification 48 hours prior to the meeting would enable the City to make reasonable arrangements to ensure accessibility to this meeting.

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Solvang City Council

STAFF REPORT

PREPARED BY: Xenia Bradford, Acting City Manager
xeniab@cityofsolvang.com

MEETING DATE: March 20, 2020

SUBJECT: DECLARATION OF CITY OF SOLVANG COVID-19 PUBLIC HEALTH AND SAFETY AND ECONOMIC CESSATION EMERGENCY

RECOMMENDATION:

Declare City of Solvang Public Health & Economic Cessation State of Emergency for the City of Solvang due to COVID-19 Public Health Federal and State declaration of emergency, directives and Santa Barbara County Health Official.

SUMMARY:

California Government Code Sections 8558 and 8630 et seq., and Title 2 Chapter 3 of the Solvang Municipal Code, empower the City Council of the City of Solvang (City) to proclaim the existence of a local emergency when the City is affected by the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the City which are, or are likely to be, beyond the control of the services, personnel, equipment, and facilities of the City and require the combined forces of other political subdivisions to combat and provide a process and authority for Emergency Management.

The conditions of disaster or of extreme peril to the safety of persons and property have arisen as a result of the introduction of the novel coronavirus ("COVID-19"), a novel communicable disease, which was first detected in Wuhan, China in December 2019. COVID-19 has since spread globally to over 68 countries, infecting more than 90,000 persons and killing more than 3,000 individuals worldwide. As of March 18, 2020, there were 7,038 COVID-19 cases identified in the United States, including 598 cases in California and 2 cases in Santa Barbara County. Due to the expanding list of countries with widespread transmission of COVID-19, the increasing travel alerts and warnings for countries experiencing sustained or uncontrolled community transmission issued by the federal Centers for Disease Control and Prevention ("CDC"), the escalation of United States domestic cases of and deaths from COVID-19, and the identification of COVID-19 cases in California, COVID-19 has created conditions that are or likely to be beyond the control of local resources and require the combined forces of other political subdivisions to

combat.

The City of Solvang is experiencing both public health emergency and economic cessation emergency. The City of Solvang receives 50% of its General Fund revenues from Transient Occupancy tax and another 15% from sales tax. Based on preliminary data hotel occupancy in the month of March has dropped to as low as 1%. More than half of City's sales tax also comes from restaurants and tourist related activities. All these revenues are directly impacted by the COVID-19 Emergency. Staff estimates that this pattern of complete loss of over 60% of revenue will continue through at least end of April. We expect a much longer period of declined revenue during recovery stage. Long-term impacts on the economy from COVID-19 worldwide, for the United States and the City of Solvang is unknown. City should be prepared for any potential impact to property tax. Staff also anticipates a significant decline in fees for services for any planning and development activities as well as recreational programs. The loss of revenue is roughly estimated at \$500,000 per month until the economy could begin to recover. This equates to approximately 66% of General Fund monthly revenue that supports all General Fund Services including Law Enforcement, Planning & Development, Public Works, Parks & Recreation, and General City Administration.

Emergency management is supported by the Federal government, managed by States and executed by local governments. The Federal government has made initial allocations of funding for COVID-19. The President of the United States has signed an emergency coronavirus aid package; however, based on briefings from the White House to local governments much of this aid is being applied to public health first response. The economic stimulus package is still being developed. FEMA has been activated at Level-1 (highest response) and additional funding will be available through FEMA funds. The State has not yet set parameters for State Emergency funding eligible criteria.

Furthermore, the City of Solvang unique profile of businesses is heavily dependent on tourism related services: hotels, restaurants, wineries, entertainment. Majority of these businesses are also small businesses with limited reserves. The Small Business Administration is offering designated states and territories (including California) low-interest federal disaster loans for working capital for small businesses suffering substantial economic injury as a result of the COVID-19; however, the community continues to be concerned about availability to receive the funds timely and overall loss of income.

FISCAL IMPACT:

The Declared Emergency Status will aid the City in working with County, State and Federal governments to ensure the City receives any eligible funding available through such programs.

ATTACHMENTS:

Attachment 1 - A Resolution of the City Council of the City of Solvang, County of Santa Barbara, State of California, Proclaiming the Existence of a Local Emergency due to the COVID-19 Virus.

RESOLUTION NO. 20-1098

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLVANG,
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA,
PROCLAIMING THE EXISTENCE OF A LOCAL EMERGENCY DUE
TO THE COVID-19 VIRUS**

WHEREAS, California Government Code Sections 8558 and 8630 et seq., and Title 2 Chapter 3 of the Solvang Municipal Code, empower the City Council of the City of Solvang (City) to proclaim the existence of a local emergency when the City is affected by the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the City which are, or are likely to be, beyond the control of the services, personnel, equipment, and facilities of the City and require the combined forces of other political subdivisions to combat and provide a process and authority for Emergency Management; and

WHEREAS, conditions of disaster or of extreme peril to the safety of persons and property have arisen as a result of the introduction of the novel coronavirus ("COVID-19"), a novel communicable disease, which was first detected in Wuhan, China in December 2019. COVID-19 has since spread globally to over 75 countries, infecting more than 90,000 persons and killing more than 9,000 individuals worldwide. As of March 20, 2020, there were 10,442 COVID-19 cases identified in the United States, including 675 cases in California and 9 cases in Santa Barbara County. Due to the expanding list of countries with widespread transmission of COVID-19, the increasing travel alerts and warnings for countries experiencing sustained or uncontrolled community transmission issued by the federal Centers for Disease Control and Prevention ("CDC"), the escalation of United States domestic cases of and deaths from COVID-19, and the identification of COVID-19 cases in California, COVID-19 has created conditions that are or likely to be beyond the control of local resources and require the combined forces of other political subdivisions to combat; and

WHEREAS, the mobilization of local resources, ability to coordinate interagency response, accelerate procurement of vital supplies, use mutual aid, and allow for future reimbursement by the State and Federal governments will be critical to successfully responding to COVID-19; and

WHEREAS, the economy of City of Solvang and the City's budget are highly dependent on tourism related activities and businesses, which have essentially ceased under the current conditions; and

WHEREAS, pursuant to Title 2 Chapter 3 of the Solvang Municipal Code, the City Manager is the Director of Emergency Services; and

WHEREAS, as of March 4, 2020, the Director of Emergency Services began provisions for use of City Hall as the Emergency Operations Center and began emergency related expenditures which actions were confirmed by the City Council at a Special Emergency Meeting on March 12, 2020; and

WHEREAS, these conditions warrant and necessitate that the City proclaim the existence of a local emergency.

NOW, THEREFORE, IT IS HEREBY PROCLAIMED AND ORDERED, based on the recitals above which are true and correct, that a local emergency exists in the City of Solvang due to COVID-19.

IT IS FURTHER PROCLAIMED AND ORDERED that during the existence of the local emergency the powers, functions, and duties of the Director of Emergency Services and the emergency organization of the City shall be those prescribed by state law and by ordinances and resolutions of the City.

IT IS FURTHER PROCLAIMED AND ORDERED that a copy of this resolution be forwarded to the Director of California Governor's Office of Emergency Services requesting that the Director find it acceptable in accordance with State law; that the Governor of California, pursuant to the Emergency Services Act, issue a proclamation declaring an emergency in the City of Solvang; that the Governor waive regulations that may hinder response and recovery efforts; that recovery assistance be made available under the California Disaster Assistance Act; that the State expedite access to State and Federal resources and any other appropriate federal disaster relief programs; and that the Governor approve, pursuant to Government Code section 8633, the cost of any extraordinary services incurred by political subdivisions in executing mutual aid agreements as a legal charge against the State.

IT IS FURTHER PROCLAIMED AND ORDERED that Xenia Bradford, City Manager of the City of Solvang, or her designee, is hereby designated as the authorized representative for public assistance and individual assistance of the City for the purpose of receipt, processing, and coordination of all inquiries and requirements necessary to obtain available local, State, and Federal assistance.

IT IS FURTHER PROCLAIMED AND ORDERED that the COVID-19 virus is hereby certified as a public health hazard for purposes of Health & Safety Code section 101040(c), for purposes of any Federal or State disaster relief program.

IT IS FURTHER PROCLAIMED AND ORDERED that said local emergency shall be deemed to continue to exist until its termination is proclaimed by the City Council of the City of Solvang, and that the need for continuing the local emergency shall be reviewed by the City Council at least once every sixty (60) days until the City Council terminates the local emergency, as required by Government Code Section 8630.

IT IS FURTHER PROCLAIMED AND ORDERED that this resolution is effective upon its adoption.

SECTION 1. The City Clerk shall certify to the adoption of this Resolution, shall cause a certified copy of this Resolution to be included in the book of original resolutions, and shall immediately forward a certified copy of this Resolution to the Director of California Governor's Office of Emergency Services requesting that the Director find it acceptable in accordance with State law.

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PASSED, APPROVED, AND ADOPTED by the City Council of the City of Solvang on this 20th day of March 2020 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Ryan Toussaint, Mayor

ATTEST:

Daryl A. Betancur, Interim City Clerk

APPROVED AS TO FORM:

Chip Wullbrandt, City Attorney

Chapter 3

EMERGENCY MANAGEMENT

2-3-1: PURPOSE:

The declared purposes of this chapter are to provide for the preparation and carrying out of plans for the protection of persons and property within this City in the event of an emergency, the direction of the emergency organization and the coordination of the emergency functions of this City with all other public agencies, corporations, organizations and affected private persons. (Ord. 17-326, 3-13-2017)

2-3-2: DEFINITIONS:

EMERGENCY: The actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the City caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake or other conditions, including conditions resulting from war or imminent threat of war, but other than conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment and facilities of the City, requiring the combined forces of other political subdivisions to combat. (Ord. 17-326, 3-13-2017)

2-3-3: DIRECTOR OF EMERGENCY SERVICES:

A. Offices Created:

1. There is hereby created the Office of the Director of Emergency Services. The City Manager shall be the Director of Emergency Services.
2. There is hereby created the Office of Emergency Operations Center Manager, who shall be appointed by the Director.

B. Powers And Duties:

1. The Director is hereby empowered to:

- a. Request the City Council to proclaim the existence or threatened existence of a local emergency if the City Council is in session, or to issue such proclamation if the City Council is not in session. Whenever a local emergency is proclaimed by the Director, the City Council shall take action to ratify the proclamation within ten (10) days thereafter or the proclamation shall have no further force or effect.
- b. Recommend that the Mayor of the City request the Governor to proclaim a state of emergency when, in the opinion of the Director, the locally available resources are inadequate to cope with the emergency.
- c. Control and direct the effort of the emergency organization of this City for the accomplishment of the purpose of this chapter.
- d. Direct cooperation between and coordination of services and staff of the emergency organization of this City and resolve questions of authority and responsibility that may arise between them.
- e. Represent this City in all dealings with public or private agencies on matters pertaining to emergencies as defined herein.
- f. In the event of the proclamation of a local emergency, as herein provided, the proclamation of a state of emergency by the Governor or the Director of the State Office of Emergency Services, or the existence of a state of war emergency, the Director is hereby empowered:
 - (1) To make and issue rules and regulations on matters reasonably related to the protection of life and property as affected by such emergency; provided, however, such rules and regulations must be confirmed at the earliest practicable time by the City Council.
 - (2) To obtain vital supplies, equipment and such other properties found lacking and needed for the protection of life and property and to bind the City for the fair value thereof and, if immediately required, to commandeer the same for public use;
 - (3) To require emergency services of any City officer or employee and, in the event of the proclamation of a state of emergency in the City or the existence of a state of war emergency, to command the aid of as many citizens of this City as he deems necessary in the execution of his duties; such persons shall be entitled to all privileges, benefits and immunities as are provided by State law for registered disaster service workers;
 - (4) To requisition necessary personnel or material of any City department or agency; and
 - (5) To execute all of his ordinary power as Administrative Officer, all of the special powers conferred upon him by this chapter or by resolution or emergency plan pursuant hereto adopted by the City Council, all powers conferred upon him by any statute, by any agreement approved by the City Council, and by any other lawful authority.
- g. The Director of Emergency Services shall designate the order of succession to that office, to take effect in the event the Director is unavailable to attend meetings and otherwise perform his duties during an emergency. Such order of succession shall be approved by the City Council.

2. The Emergency Operations Center Manager shall, under the supervision of the Director and with the assistance of emergency service chiefs, develop emergency plans and manage the emergency programs of this City; and shall have such other powers and duties as may be assigned by the Director. (Ord. 17-326, 3-13-2017)

2-3-4: EMERGENCY ORGANIZATION:

All officers and employees of this City, together with those volunteer forces enrolled to aid them during an emergency, and all groups, organizations and persons who may by agreement or operation of law, including persons impressed into service under the provisions of subsection [2-3-3B1f\(3\)](#) of this chapter, be charged with duties incident to the protection of life and property in this City during such emergency, shall constitute the emergency organization of the City. (Ord. 17-326, 3-13-2017)

2-3-5: EMERGENCY MANAGEMENT PLAN:

The Director of Emergency Services shall be responsible for the development of the emergency plan, which plan shall provide for the effective mobilization of all of the resources of this City, both public and private, to meet any condition constituting a local emergency, state of emergency or state of war emergency; and shall provide for the organization, powers and duties, services and staff of the emergency organization. Such plan shall take effect upon adoption by resolution of the City Council. (Ord. 17-326, 3-13-2017)

2-3-6: EXPENDITURES:

Any expenditures made in connection with emergency activities, including mutual aid activities, shall be deemed conclusively to be for the direct protection and benefit of the inhabitants and property of the City. (Ord. 17-326, 3-13-2017)

2-3-7: VIOLATIONS; PENALTY:

It shall be a misdemeanor, punishable as provided in section [1-3-3](#) of this Code, for any person, during a state of war emergency, state of emergency or local emergency to:

- A. Wilfully obstruct, hinder or delay any members of the emergency organization in the enforcement of any lawful rule or regulation issued pursuant to this chapter, or in the performance of any duty imposed upon him by virtue of this chapter.

- B. Do any act forbidden by any lawful rule or regulation issued pursuant to this chapter if such act is of such a nature as to give or be likely to give assistance to the enemy, or to imperil the lives or property of inhabitants of this City, or to prevent, hinder or delay the defense or protection thereof.
- C. Wear, carry or display, without authority, any means of identification specified by the emergency agency of the State. (Ord. 17-326, 3-13-2017)

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Solvang City Council

STAFF REPORT

PREPARED BY: Xenia Bradford, Acting City Manager
xeniab@cityofsolvang.com

MEETING DATE: March 20, 2020

SUBJECT: PUBLIC AND ECONOMIC ASSISTANCE PROGRAMS FOR COVID-19

RECOMMENDATION:

Provide staff with policy direction to implement emergency aid measures for residents and businesses including payment deferrals for the City of Solvang.

SUMMARY:

In the declared Federal, State and County State of Emergency due to COVID-19 Health Emergency, the City faces an unprecedented challenge along with the rest of our nation and other countries.

The City, as the most direct local government for the City of Solvang residents, recognizes the need to aid our residents and businesses as we work through this uncharted territory of COVID-19 national disaster.

With Federal declaration of emergency and State actions to stop all but necessary functions of our society to battle the COVID-19 virus, the City recognizes that our City of Solvang residents' jobs are interrupted. Our businesses are closed. Schools are closed and we are working through the emergency together to protect the vulnerable population and build a path for recovery.

As a tourist destination, we are severely impacted by the transpiring events surrounding COVID-19. We recognize that public assistance is needed, and staff is prepared to develop programs including the following:

1. Implement a policy not to shut off water or sewer for non-payment during the state of emergency. Waive late penalties to residents and businesses.

2. Establish emergency loan assistance programs to small businesses who have suffered significant losses as a result of COVID-19.
3. Waive all penalties for non-payment of Transient Occupancy Tax with proof of financial hardship and establish a program for repayment.
4. Provide partnerships with financial institutions and lenders to prohibit foreclosures or halt mortgage payments for individuals who have suffered loss of wages as a result of COVID-19.
5. Potential resources and partnerships to safely assist people under self-quarantine due to COVID-19, prioritizing seniors.
6. Establish a recovery program including training and resources for residents and businesses.

FISCAL IMPACT:

Staff is evaluating the need in our community and the amount of funds needed to provide to most needed now before State and Federal funding is fully available and distributed. Our foremost goal is to establish the process and channels of communication to help our residents and businesses in this time of need. The financial goals are fluid, but the estimates of loss of revenue are high. The City itself collecting twelve percent of transient occupancy tax and one percent of sales tax on all sales, is facing over \$500,000 per month of revenue. This is a much greater impact to our private sector partners and their employees.

ATTACHMENTS:

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Solvang City Council

STAFF REPORT

PREPARED BY: Xenia Bradford, Acting City Manager
xeniab@cityofsolvang.com

MEETING DATE: March 20, 2020

SUBJECT: **IMPLEMENT FISCAL CONTINGENCY PLAN TO ADDRESS IMMEDIATE EMERGENCY RESPONSE AND MITIGATE ECONOMIC IMPACTS**

RECOMMENDATION:

Provide staff with policy direction to take measures to provide emergency response and to adjust operations and expenditures to address economic impacts and ensure long-term fiscal health including taking action to make immediate budgetary adjustments.

SUMMARY:

The City of Solvang is highly dependent on tourism derived revenues for its general operations. The economic cessation within the City of Solvang is expected to cause direct revenue losses potentially exceeding \$500,000 per month. There is a significant concern that COVID-19 disaster and economic injury may cause sharp recession further impacting revenue generation in the longer term.

The City's operations are funded as follows:General Fund

Revenue (annually) - \$9.1 M

Transient Occupancy Tax (\$4.5 M or 50% of total)

Sales Tax (\$1.4 M)

Property Tax (\$1.4)

Fees for Services (\$600 thousand)

Overhead Contributions – Reimbursement for overhead from Water and Wastewater Funds (\$500 thousand)

*Plus other miscellaneous categories (\$700 thousand)

General fund dollars fund the following programs:

Law Enforcement Services
 General Administration
 Parks & Recreation
 Planning & Building
 Public Works Engineering & Maintenance
 General Fund Capital Improvement Projects

Water Fund (annually) - Fees for Services \$4.9M

Pays for water operations and Capital Improvements including all infrastructure maintenance.

Wastewater Fund - Fees for Services \$1.9M

Pays for wastewater operations and Capital Improvements including all infrastructure maintenance.

The City also operates local transit fully funded by Federal, State and ridership fare dollars. In addition, the City receives funding from County Measure A for local transportation.

COVID-19 Disaster Fiscal Impact:

Preliminary estimates show that the General Fund will decline by as much as \$500,000 starting in March and likely lasting for at least two months at very minimum.

Longer term impacts estimate that economic recovery will take time for full recovery. There is also high potential that the City will not be able to take advantage of its high tourism season starting in the Spring. The following revenue sources will be impacted over a prolonged period of time: Transient Occupancy Tax, Sales Tax, Fees for Services due to lower levels of Development. Potential losses of revenue for water and wastewater services could also diminish the financial sustainability of those funds and ability to pay into General fund for overhead contributions.

The Federal Government is working on an economic stimulus packet. In the meantime, Goldman Sachs, as an example, today cut its US economic forecast, saying it now expects GDP to decline by 24% in the second quarter of 2020 because of the coronavirus pandemic. A drop of that size would set a record – it would be nearly 2 ½ times the 10% drop seen in 1958.

Recommended Fiscal Contingency Response to COVID-19 Financial Impact:

Staff recommends that the City Council take immediate action to provide policy direction to the City Manager to develop a Financial Contingency Response Plan including:

1. Take immediate budgetary actions to address long-term revenue decline by adjusting ongoing operations focusing on provision of essential services to our residents and businesses.
2. Proactively work with Federal and State government to secure available emergency funding. Document all COVID-19 related losses and expenditures.

3. Delay all non-essential projects while developing a strategy to address investment in essential and critical infrastructure.
4. Develop cash management strategy to ensure not only budgetary re-alignment but proactively manage anticipated in cash inflow due to inability to pay for services by residents, businesses and potentially other jurisdictions.

FISCAL IMPACT:

Staff is evaluating the need in our community and the amount of funds needed to provide to most needed now before State and Federal funding is fully available and distributed. Our foremost goal is to establish the process and channels of communication to help our residents and businesses in this time of need. The financial goals are fluid, but the estimates of loss of revenue are high. The City itself collecting twelve percent of transient occupancy tax and one percent of sales tax on all sales, is facing over \$500,000 per month of revenue.

The development and implementation of the Fiscal Contingency Plan will mitigate the City's inability to meet its core obligations to the City of Solvang of providing essential services.

The City needs to position itself to be prepared to pay for ramping-up emergency management expenses. The City will also need to set money aside for recovery program.

ATTACHMENTS:

N/A