



**MINUTES OF THE REGULAR MEETING OF
THE SOLVANG CITY COUNCIL**

Council Chambers
1644 Oak Street
Solvang, CA
93463

March 20, 2020
Monday
7:00 p.m.

CALL TO ORDER: Mayor Toussaint called the meeting to order at 7:02 p.m.

ROLL CALL:

PRESENT: Mayor Ryan Toussaint, Mayor Pro Tem Robert Clarke, Council Members Chris Djernaes, Daniel Johnson and Karen Waite

STAFF: Xenia Bradford, Acting City Manager
Director; and Chip Wullbrandt, City Attorney.

PLEDGE OF ALLEGIANCE

Led by Mayor Pro Tem Clarke.

1. PUBLIC COMMUNICATIONS – WRITTEN OR VERBAL

Tracy Beard, Solvang Chamber of Commerce

- Addressed the Council regarding the current COVID-19 emergency and its impact on the business community
- Discussed the process for loan processing for the small business community
- Stated that the Chamber is ready to help the business community
- Stated that she had been recently received training on helping folks with their business loan applications
- Referred people to the Solvang Chamber of Commerce website for more information

Mayor Toussaint inquired about the number of businesses that have approached the Chamber for help with SBA business loans, with Ms. Beard stating that about seventeen thus far.

2. EXECUTIVE, PIO REPORTS & ADVANCE CALENDAR

Acting City Manager Bradford stated that this is a special meeting regarding COVID-19; spoke about the declarations of emergency at the National, State, County, and now local levels; commented that staff is asking the City Council to declare a state of emergency for public health and safety and economic cessation in the City of Solvang; spoke about the COVID-19 Economic Cessation stating that the economic impacts worldwide and in the United States are wildly unknown; that Goldman Sachs now says US Gross Domestic Product (GDP) will shrink 24% next quarter amidst the current Coronavirus Pandemic, which means a decline of 2.5% bigger than any other decline in history.

She further stated that this is an unprecedented event, which will have significant impacts upon the local economy and to the City of Solvang, which is heavily dependent on the tourism industry; commented that the economy in Solvang has stopped, which will drastically impact the general fund revenues coming in.

Acting City Manager Bradford stated that the City is working with Federal and State governments by participating in constant briefings with the Whitehouse, State government and County government; that at the federal level FEMA is activated and that the City will apply for all available funding through emergency declarations, however, currently, most of the funding is geared towards health response; stated that the federal government is working on an Economic Stimulus Package to help mitigate the economic impact to communities across the country, but that details are not determined at this point.

Ms. Bradford provided the City of Solvang websites with COVID-19 information including: <http://www.cityofsolvang.com/371/Coronavirus-Information-Resouces>; <http://www.solvangresources.com/> She further explained how the Emergency Management framework is set up by stating that disaster emergency management is supported by the federal government, managed by states and executed by local governments; that following a declaration of a National Emergency such as in this case, cities and counties follow suit and proclaim their local emergency accordingly.

Acting City Manager Bradford commented that staff is working with IDK to provide additional resources via the web and that they have put together in less than 12 hours information regarding City and County resources, restaurants and food services and a means for the community to receive communications from the City; stated that these sites get updated often and in a timely manner in an effort to provide the most accurate information to the public.

Mayor Pro Tem Clarke inquired as to how many restaurants in town are doing curbside service with Tracy Beard from the Chamber of Commerce stating that the Chamber had taken a survey of how many hotels, restaurants, and retail places are closed with the results posted on the Chamber's website. Ms. Beard further stated that it is important to know that business owners can now apply for unemployment; that we need to let business owners know about that.

Council members thanked staff for their hard work and commented that the resources assembled with the help of IDK are tremendous.

Mayor Toussaint opened public comments at 7:24 p.m.

Hans _____

- Stated that his business will remain open for as long as they can because they sell to the whole sellers and retailers alike while being mindful of the public health order regarding social distancing

Mayor Toussaint closed public comments at 7:27 p.m.

Motion made by Council Member Johnson to receive and file City Manager's Report, seconded by Council Member Waite, and carried with a roll call vote of 5-0.

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

Acting City Manager Bradford presented the staff report indicating that the item before the Council is a request to declare City of Solvang COVID-19 Public Health and Safety and Economic Cessation Emergency in accordance with established federal, state and local guidelines.

Acting City Manager Bradford read into the record the conditions up to this point, which have led to the declarations of public health emergency at many government levels, and commented that given the City's reliance on Transient Occupancy Tax (TOT), the potential loss to the general fund is roughly \$500,000 per month and that according to the Governor's declaration, the Order is in effect until April 30; she further commented that staff is evaluation other expenses that need to be accounted for and taking next steps; she also stated that in order to apply for emergency funding under the federal and state declarations, the City too needs to declare a local emergency.

Mayor Toussaint opened public comments at 7:32 p.m.

There were no public comments.

Mayor Toussaint closed public comments at 7:32 p.m.

Motion made by Mayor Toussaint to approve staff's recommendation in the form of Resolution No. 20-1098 as presented, seconded by Council Member Djernaes, and carried with a roll call vote of 5-0.

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

Acting City Manager Xenia Bradford presented the staff report indicating that the recommendation is for the City Council to provide staff with policy direction to implement emergency aid measures for residents and businesses including payment deferrals of the City of Solvang.

She further commented that staff recognizes that help is needed now to help residents and businesses and that staff is ready to develop services and programs to help the community during this time of crisis including the following:

1. Implement a policy not to shut off water or sewer services for non-payment during the state of

- emergency; waive late penalties for residents and businesses;
2. Establish an emergency loan assistance program for small businesses who have suffered significant losses as a result of COVID-19, including helping the businesses get back on their feet and provide local jobs;
 3. Waive all penalties for non-payment of Transient Occupancy Tax (TOT) with proof of financial hardship and establish a program for repayment;
 4. Provide and establish partnerships with financial institutions and lenders to prohibit foreclosures of high pointage 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, encouraging delivery of services to them as an example;
 6. Establish a recovery program including training and the resources for residents and businesses.

Acting City Manager Bradford commented that staff is still working on the number in terms of creating this program in order for it to be meaningful and impactful taking into account that some of the areas of consideration are the unknown facts regarding the guidelines and the availability of funding from the federal and state governments; she further indicated that we need to act quickly to provide some budget amount for our most needed residents and businesses.

Mayor Toussaint opened public comments at 7:35 p.m.

There were no public comments.

Mayor Toussaint closed public comments at 7:35 p.m.

A discussion ensued regarding the need to move forward keeping in mind that the situation is fluid, but that we can add more to whatever is approved tonight; that the Council needs to be proactive and work with local lenders; a comment was made that the local lenders are still waiting on guidance from the SBA; that we have limited resources and that the City needs to continue its operations, but that during the ongoing crisis, it would be prudent to put some kind of program together.

Acting City Manager Bradford suggested that perhaps the City could set aside \$250,000 with a \$5,000 cap per business to start now while the SBA loans kick in.

Motion made by Mayor Toussaint to direct staff to establish an emergency public and economic assistance program as follows:

- a. *Implement a policy to not shut off water or sewer services to any customer for non-payment during the state of emergency and waive all late payment penalties and charges incurred for the period of February 1, 2020 to the end of the State of Emergency;*
- b. *Establish emergency loan assistance program for microloans up to \$5,000 per business with an initial authorized spending from City reserves of \$250,000 to meet emergency cash flow needs for Solvang small businesses who are suffering severe losses as a result of the COVID-19 related economic cessation and report back regularly to the Council with the status of the program at the next available Council meeting and advice on any further program recommendations;*
- c. *Waive all penalties for late payment of Transient Occupancy Tax (TOT) with proof of financial hardship and develop a program for payment over time to recognize the need for investment and*

economic recovery until a minimum of May 30, 2020;

- d. Explore and develop partnerships with financial institutions and lenders to defer mortgage payments, halt foreclosures and provide any other economic relief for individuals and businesses facing economic hardship due to the COVID-19 situation;*
- e. Identify and facilitate delivery of resources including through partnerships with other agencies, businesses and non-profits to safely assist people under self-quarantine;*
- f. Work with economic development ad-hoc committee to develop an economic recovery program including training and resources for businesses; and*
- g. Revise IDK contract to focus on emergency aid and response issues including mitigation of economic cessation and recovery, planning and implementation.*

Council Member Johnson offered an amendment to the motion to include end dates to these provisions to be as of May 30, and to be revisited 30 days prior. Amendment accepted by Mayor Toussaint. Motion seconded by Council Member Johnson and carried with a roll call vote of 5-0

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

Acting City Manager Bradford presented the staff report stating that the recommendation is for the Council to 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.

She stated that as she had mentioned before, the loss of revenue to the general fund is expected to be about \$500,000 per month and that this will probably last for about two months or longer; stated that there is a lot of uncertainty about how quickly the recovery will be; explained how City operations are funded and where the sources of revenue comes from, which is Transient Occupancy Tax (TOT), which is about 50% of the City's total revenue; spoke about the impact on sales tax, and on property values if properties are devalued if there is a recession.

Ms. Bradford further commented that the recommendation is for the Council to direct staff to develop a fiscal contingency response as a result of the COVID-19 financial impact with the recommendations to include:

1. Take immediate budgetary actions to address long-term revenue decline by adjusting on-going operations focusing on provision of essential services to the residents and businesses;
2. Proactively work with federal and state governments to secure available federal emergency funding;
3. Document all COVID-19 related losses and expenditures;
4. To delay all non-essential projects by developing strategy to address investment in essential infrastructure; and
5. Develop cash management strategies to ensure not only budgetary realignment but proactively manage anticipated decline in cash flows due to the inability to pay the services by residents and businesses and potentially other agencies.

Mayor Toussaint commented that there are still other unknown impacts that need to be considered and which have not been calculated because the situation is fluid, but that may be able to be accounted for

after the cessation period is over.

There was a brief discussion about whether or not there were any multi-million-dollar contracts that can be postponed.

Mayor Toussaint opened public comments at 7:50 p.m.

There were no public comments.

Mayor Toussaint closed public comments at 7:50 p.m.

Motion made by Mayor Toussaint to direct staff to establish an emergency public and economic assistance program as follows:

Direct City Manager/Emergency Services Director work with the City Attorney to immediately develop and implement measures to revive emergency response and adjust operations and expenditures to address economic impacts and ensure long-term fiscal health including taking actions to meet the budget adjustments with the goal of freeing up a million dollars in cost-savings as follows:

- h. Rely on City staff and other resources to eliminate all non-essential services and focus on the provision of essential services of water, wastewater, public health and safety, maintenance, and mitigation impacts from economic cessation and prepare for recovery;*
- i. Track and see advance payment or reimbursement for all emergency related costs and programs;*
- j. Report back to the Council regularly on status of such mitigation and recovery programs;*
- k. Seek regional and other partnerships to implement such program with the goal of eventually return to the community a better service, but in cost-effective and sustainable manner in light of anticipated and extended recovery period.*

Motion seconded by Mayor Pro Tem Clarke and carried with a roll call vote of 5-0.

Mayor Toussaint thanked staff for their hard work during this emergency.

Acting City Manager Bradford stated that we have the capability of holding Council Meetings on line using Go to meeting if it comes to that so it is important to ensure that the Council have laptops that have that capability and have people call in for public comment period.

6. ADJOURNMENT – Mayor Toussaint adjourned the meeting at 7:55 p.m.

Minutes Prepared by:

DocuSigned by:

Daryl Betancur

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DARYL A. BETANCUR, MMC
Interim City Clerk

In accordance with Solvang Municipal Code Section 1-4-16 (Ord. 14-305). Minutes of the City Council of the City of Solvang are prepared in action style.