



APPROVED: 05/17/2022

MINUTES OF THE SPECIAL MEETING OF THE CITY COUNCIL

April 20, 2022

1. **CALL TO ORDER**

Mayor Rodriguez called the meeting to order via teleconference at 5:03 p.m.

2. **ROLL CALL**

Members present: Councilmembers Martin, Mora, Sarno, Mayor Pro Tem Zamora, and Mayor Rodriguez.

Members absent: None.

3. **PUBLIC COMMENTS**

There was no one wishing to speak during Public Comments.

CITY COUNCIL

CONSENT AGENDA

4. Agreement with TBWBH Props & Measures for Public Outreach and Consulting Services Related to a Potential Business Operation Tax Measure (City Manager)

Recommendation:

- Approve the agreement with TBWBH Props & Measures in a final form approved by the City Attorney's office and;
- Authorize the City Manager to execute the agreement.

It was moved by Councilmember Martin, seconded by Councilmember Mora, to approve the consent agenda by the following vote:

Ayes: Martin, Mora, Sarno, Zamora, Rodriguez

Nayes: None

Absent: None

5. **STUDY SESSION**

Presentation of Potential Changes to the City's Business Operation Tax Ordinance (Finance)

Recommendation:

- Provide direction regarding potential changes to the City's Business Operation Tax Ordinance.

Director of Finance, Travis Hickey provided a presentation on Item No. 5. He spoke about the financial status of the City, including post redevelopment financing. He stressed that a priority for the City is to achieve a long-term source of funding capital improvement projects and that City staff has brainstormed several ideas to obtain such funds. HdL Companies was hired to conduct a study of the current business license ordinance. They looked at different options for potential revenue sources with pros and

cons attached to each option. The current business license ordinance is about thirty years old and is based on number of employees as opposed to gross revenue. Director Hickey introduced Eric Myers from HdL Companies to provide additional information on the different types of models available to consider to council. City Manager, Raymond R. Cruz added that he has spoken with a Santa Fe Springs Chamber of Commerce working group to deliver information regarding the importance of securing a consistent source of revenue.

Councilmember Mora asked how the taxes would be calculated and audited. Director Hickey stated that all taxes are self-reported and that there are mechanisms to verify and authenticated reported numbers. Having HdL Companies as a contractor can assist with enforcement and can also provide sales tax return information. Councilmember Sarno said it is a great idea to modernize business license process. He said there are two important aspects to consider during the process. First, the City needs to catch up to current times. Second, he feel strongly against "taxing businesses twice" and thinks that the City is off to a great start but more details are needed. Director Hickey responded that the City is dealing with a number of challenges, one being a legal basis that would prevent the City from excluding businesses that make over a certain amount of sales tax. He added that the City can look at several legal options that would find a fair solution and reminded that sales tax is paid by the customer and the business license tax is paid by the businesses. Councilmember Sarno added he would like equality across the board.

City Manager Cruz said that the City faces a hurdle with little alternatives and that being transparent with the business community is important. Mayor Pro Tem Zamora stated that individual businesses should provide additional input and that many large businesses like logistical and manufacturing are the main perpetrators for ruining the City's roads. Councilmember Martin commented that this change is a necessity especially because we are a business friendly City. She fears losing businesses due to reaching a breaking point and hopes that an agreement can be reached.

City Attorney, Ivy M. Tsai added that there are certain legal implications, and that however the tax is structured needs to meet legal parameters. Aside from tax information being confidential, the City may be limited in its ability to mix these conversations between a business license tax and a sales tax. Staff will bring back a solution that will be coordinated with its consultants. Director Hickey stated that the City has a lot of flexibility to craft how this fee can be construed.

The following people spoke on Item No. 5: Stephane Wandell, Wendy Meader, and Mike Foley in-person, Lang Cottrell, Seven Masura, Stuart Hutchinson, and Rick McGeagh via Zoom.

Director Hickey answered questions from the public speakers.

6. CLOSED SESSION
PUBLIC EMPLOYMENT

(Pursuant to California Government Code Section 54957(b)(1))
TITLE: City Manager Evaluation

Mayor Rodriguez recessed the meeting at 6:38 p.m.

Mayor Rodriguez convened the meeting at 7:58 p.m.

7. CLOSED SESSION REPORT

City Attorney, Ivy M. Tsai provided the following report: Direction was given to staff and no reportable action was taken.

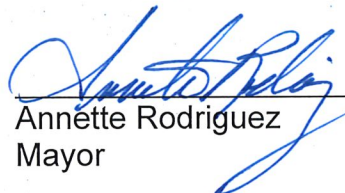
8. ADJOURNMENT

Mayor Rodriguez adjourned the meeting at 7:58 p.m.

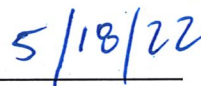
ATTEST:



Janet Martinez
City Clerk



Annette Rodriguez
Mayor



Date