



City of Lemon Grove City Council Regular Meeting Agenda Tuesday, September 15, 2020, 6:00 p.m.

Virtual Meeting via Zoom platform

<https://www.zoom.us/home?zcid=2478>

Meeting Access # 619-825-3800

<https://us04web.zoom.us/j/6198253800>

City Council

Racquel Vasquez, Mayor
Jennifer Mendoza, Mayor Pro Tem
Jerry Jones, Councilmember
David Arambula, Councilmember
Yadira Altamirano, Councilmember

A public agenda packet is available for review on the [City's website](#)

Public Participation

In accordance with Executive Orders N-25-20, N-29-20 and N-35-20 paragraph 3, executed by the Governor of California on March 17, 2020, and as a response to mitigating the spread of Coronavirus known as COVID-19, the Regular Meeting of the City Council scheduled for Tuesday, September 15, 2020, at 6:00 p.m. will be a virtual meeting – audio only.

Below are the ways to participate. For any questions contact the City Clerk's Office at (619) 825-3800.

Members of the public are able to participate in the following ways:

1. Listen to audio live via zoom
2. Written Public Comment: Which will be accepted by email with the subject line PUBLIC COMMENT ITEM #____. Email to the City Clerk schapel@lemongrove.ca.gov prior to the meeting. The deadline for the public comment to be submitted is **Monday, September 14, 2020 at 5:00 p.m.** Any comment received after the deadline will not be read at the meeting, but will be maintained in the record.

Join the Meeting

Before joining a Zoom meeting on a computer or mobile device, you can download the Zoom app from the [Zoom Download Center](#). Otherwise, you will be prompted to download and install Zoom when you click a join link.

Prerequisites

- Each meeting has a Meeting Access ID and Password that will be required to join a Zoom meeting. #619-825-3800. If you have eNotification set-up it will be included on your email notification. If you have not yet set-up notifications for City meetings and events please go to the City website and [sign up](#).
- Meeting will be Audio only for all participants.

1. Open the Zoom desktop client
2. Join a meeting using one of these methods:
 - * Click Join a Meeting if you want to join in without signing in.
 - * Sign in to Zoom then click join.
3. Enter the Meeting ID number and your display name
4. If you're not signed in, enter a display name.

All audio will be muted upon entering.

The meeting audio will be available on the City website within 24 hours of the meeting.

Public Comment:

In accordance with Executive Orders N-25-20, N-29-20 and N-35-20 paragraph 3, executed by the Governor of California on March 17, 2020. Written Public Comment: Which will be accepted by email with the subject line PUBLIC COMMENT ITEM ____ . Email to the City Clerk schapel@lemongrove.ca.gov prior to the meeting. The deadline for the public comment to be submitted is Monday, September 14, 2020 at 5:00 p.m. Any comment received after the deadline will not be read but will be maintained in the record.

Process:

1. Email City Clerk your written comment. In the Subject Line of the email indicate whether comment is for Public Comment (item not on the agenda) or Agenda Item #.

Participants addressing the City Council by email are encouraged to provide the following information:

- a) Full Name;
- b) Contact Number;
- c) Address;
- d) Public Comment or Agenda Item No;
- e) Subject;
- f) Written Comments

2. Include Comment – Comment is limited up to three (3) minutes. Comment will be read by the City Clerk and timed and if comment extends longer than three (3) minutes it will be timed out.

If comment is received but there is no indication as to whether it is to be read under Public Comment or a specific agenda item, the comment will be retained in the record but not read at the meeting.

Currently public comment is only being accepted by email to be read by the City Clerk. City Clerk email address: schapel@lemongrove.ca.gov

City of Lemon Grove
City Council Regular Meeting Agenda
Tuesday, September 15, 2020, 6:00 p.m.
Virtual Meeting via Zoom platform

The City Council also sits as the Lemon Grove Housing Authority, Lemon Grove Sanitation District Board, Lemon Grove Roadway Lighting District Board, and Lemon Grove Successor Agency

Call to Order

Pledge of Allegiance:

Changes to the Agenda:

Public Comment:

(Note: In accordance with State Law, the general public may bring forward an item not scheduled on the agenda; however, the City Council may not take any action at this meeting. If appropriate, the item will be referred to staff or placed on a future agenda.)

Public comment will be read into the record by the City Clerk. Per Lemon Grove Municipal Code Section 2.14.150, each comment is allowed up to three (3) minutes.

City Council Oral Comments and Reports on Meetings Attended at the Expense of the City.
(GC 53232.3 (d)) (53232.3.(d) states that members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.)

City Manager Report:

1. Consent Calendar:

(Note: The items listed on the Consent Calendar will be enacted in one motion unless removed from the Consent Calendar by Council, staff, or the public.)

A. Waive Full Text Reading of All Ordinances on the Agenda

Reference: Kristen Steinke, City Attorney

Recommendation: Waive the full text reading of all ordinances included in this agenda; Ordinances shall be introduced and adopted by title only.

B. City of Lemon Grove Payment Demands

Reference: Molly Brennan, Administrative Services Director

Recommendation: Ratify Demands

C. Approval of Meeting Minutes

September 1, 2020 Regular Meeting

Reference: Shelley Chapel, City Clerk

Recommendation: Approve Minutes

D. Third Extension of the Proclamation of an Existing Local Emergency (COVID-19)

Reference: Lydia Romero, City Manager

Recommendation: Adopt a Resolution entitled, "Resolution of the City of Lemon Grove, California, Extending the Proclamation of a Local Emergency (COVID-19) in the City of Lemon Grove."

E. City Proclamation - National Preparedness Month

Reference: Steve Swaney, Fire Chief

Recommendation: Proclaim September as National Preparedness Month

Reports to Council:

2. FY 2020-2021 Budget Quarterly Report

Reference: Molly Brennan, Administrative Services Director

Recommendation: Receive and File.

3. Discussion of Council Calendar

Reference: Jennifer Mendoza, Mayor Pro Tem

Recommendation: City Council Discussion

Closed Session:

LIABILITY CLAIM

Government Code Section 54956.95

Claimant: Farson and Legg

Agency Claimed Against: City of Lemon Grove

Adjournment

AFFIDAVIT OF NOTIFICATION AND POSTING

STATE OF CALIFORNIA)

COUNTY OF SAN DIEGO) SS

CITY OF LEMON GROVE)

I, Shelley Chapel, MMC, City Clerk of the City of Lemon Grove, hereby declare under penalty of perjury that a copy of the above Agenda of the Regular Meeting of the City Council of the City of Lemon Grove, California, was delivered and/or notice by email not less than 72 hours, before the hour of 6:00 p.m. on September 15, 2020, to the members of the governing agency, and caused the agenda to be posted on the City's website at www.lemongrove.ca.gov and at Lemon Grove City Hall, 3232 Main Street Lemon Grove, CA 91945.

/s/: Shelley Chapel

Shelley Chapel, MMC, City Clerk

In compliance with the Americans with Disabilities Act (ADA), the City of Lemon Grove will provide special accommodations for persons who require assistance to access, attend and/or participate in meetings of the City Council. If you require such assistance, please contact the City Clerk at (619) 825-3800 or email schapel@lemongrove.ca.gov. A full agenda packet is available for public review at City Hall



CITY OF LEMON GROVE

CITY COUNCIL STAFF REPORT

Item No. 1.A

Meeting Date: September 15, 2020
Submitted to: Honorable Mayor and Members of the City Council
Department: City Manager's Office
Staff Contact: Kristen Steinke, City Attorney
Item Title: **Waive the Full Text Reading of all Ordinances**

Summary: Waive the full text reading of all ordinances included in this agenda. Ordinances shall be introduced and adopted by title only.

Environmental Review:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration |
| <input type="checkbox"/> Categorical Exemption, Section | <input type="checkbox"/> Mitigated Negative Declaration |

Fiscal Impact: None.

Public Notification: None.



CITY OF LEMON GROVE

CITY COUNCIL STAFF REPORT

Item No. 1.B

Meeting Date: September 15, 2020
Submitted to: Honorable Mayor and Members of the City Council
Department: City Manager's Office
Staff Contact: Molly Brennan, Administrative Services Director
<mailto:MBrennan@lemongrove.ca.gov>

Item Title: City of Lemon Grove Payment Demands

Recommended Action: Ratify Demands.

Environmental Review:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration |
| <input type="checkbox"/> Categorical Exemption, Section [] | <input type="checkbox"/> Mitigated Negative Declaration |

Fiscal Impact: None.

Public Notification: None.

City of Lemon Grove Demands Summary

Approved as Submitted:

Molly Brennan, Administrative Services Director

For Council Meeting: 09/15/20

ACH/AP Checks 08/25/20-09/02/20

536,865.74

Payroll - 08/25/20

127,394.03

Total Demands

664,259.77

CHECK NO	INVOICE NO	VENDOR NAME	CHECK DATE	Description	INVOICE AMOUNT	CHECK AMOUNT
ACH	100028869	City of San Diego	08/25/2020	Metro Sewer System FY21 - Qtr 1 - 7/1/20-9/30/20	686,472.00	686,472.00
ACH	Aug12-Aug25 20	Calpers Supplemental Income 457 Plan	08/27/2020	457 Plan 8/12/20-8/25/20	8,956.55	8,956.55
ACH	1016149596	California Public Empl Retirement System	08/27/2020	Fees for GASB-68 Reports & Schedules - FY'20	1,750.00	1,750.00
ACH	Aug25 20	Employment Development Department	08/27/2020	State Taxes 8/25/20	7,707.24	7,707.24
ACH	15882	Aflac	08/27/2020	AFLAC Insurance 8/27/20	1,684.42	1,684.42
ACH	Refill 8/26/20	Pitney Bowes Global Financial Services LLC	08/27/2020	Postage Usage 8/26/20	250.00	250.00
ACH	Jul15-Aug11 20	California Public Empl Retirement System	08/28/2020	Pers Retirement 7/15/20-8/11/20	69,159.47	69,159.47
ACH	Aug25 20	US Treasury	08/31/2020	Federal Taxes 8/25/20	26,551.73	26,551.73
ACH	Aug20	Wage Works	08/31/2020	FSA Reimbursement - Aug'20	4,420.56	4,420.56
ACH	Aug20	Power Pay Biz/Evo	09/01/2020	Online Credit Card Processing - Aug'20	106.95	106.95
ACH	Sep 2020	Pers Health	09/02/2020	Pers Health Insurance - Sep'20	46,659.23	46,659.23
ACH	Aug20	Authorize.Net	09/02/2020	Merchant Fees - Aug'20	27.10	27.10
13353	AAA Imaging	AAA Imaging	08/26/2020	Small Business Relief Grant Program	9,000.00	9,000.00
13354	Barron	Barron, Crystal	08/26/2020	Refund/Barron, Crystal/Deposit - LBH -8/22/20 COVID-19	200.00	200.00
13355	Beauty and Ink	Beauty and Ink	08/26/2020	Small Business Relief Grant Program/7227 Broadway Suite 101	10,000.00	10,000.00
13356	Berrys Athletic	Berry's Athletic Supply, Inc.	08/26/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13357	Big Boyz Car	Big Boyz Car Audio	08/26/2020	Small Business Relief Program	7,854.90	7,854.90
13358	BroadwayClassic	Broadway Classic Hair Design	08/26/2020	Small Business Relief Grant Program	2,450.00	2,450.00
13359	Cali Coast Barb	Cali Coast Barbershop	08/26/2020	Small Business Relief Grant Program/6934 Federal Blvd.	10,000.00	10,000.00
13360	8/25/20	California State Disbursement Unit	08/26/2020	Wage Withholding Pay Period Ending 8/25/20	161.53	161.53
13361	Cars For You	Cars For You	08/26/2020	Small Business Relief Grant Program/3517 Buena Vista Ave.	10,000.00	10,000.00
13362	Century	Century Upholstery	08/26/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13363	202000191 202000273	County of San Diego/Assessor/Recorder	08/26/2020	Recording Services- 2/19/20 Recording Services- 3/16/20	29.00 288.00	317.00
13364	5156 Rev	D- Max Engineering Inc	08/26/2020	LG B & S Townhouse Water Quality & Plan Review 8/22-9/17 Revised	210.00	210.00
13365	Del Taco	Del Taco #1212	08/26/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13366	El Pollo Grill	El Pollo Grill, Inc.	08/26/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13367	22074	Grant & Kessler, APC	08/26/2020	Legal Svcs/ WIT & SWRAJ - thru 7/31/20	380.10	380.10
13368	Aug25 20	ICMA	08/26/2020	ICMA Deferred Compensation Pay Period Ending 8/25/20	780.77	780.77
13369	12787 12788	Infrastructure Engineering Corporation	08/26/2020	Prof Svc: 3280 Olive St - CM Services 5/30/20-6/26/20 Prof Svc: Mallard Ct - CM Services 5/30/20-6/26/20	148.00 444.00	592.00
13370	JLD Barbering	JLD Barbering and Apparel	08/26/2020	Small Business Relief Grant Program/3468 Citrus St, Suite H	7,000.00	7,000.00
13371	Kaping, Inc.	Kaping, Inc.	08/26/2020	Small Business Relief Grant Program/SoloBee 7936 Lester Ave SteB	7,614.00	7,614.00
13372	Left Coast	Left Coast Cuts	08/26/2020	Small Business Relief Grant Program/8087 Broadway	7,500.00	7,500.00
13373	Jul-94 07-2593Jun 07-2593May	Lemon Grove School District	08/26/2020	Fuel Services-PW: May & Jun'20 Fuel Services-Fire Stn- Jun'20 Fuel Services-Fire Stn- May'20 Additional	2,252.83 1,435.53 152.80	3,841.16
13374	LG Shoe Repair	Lemon Grove Shoe Repair	08/26/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13375	Reimb 8/19/20	Mendoza, Jennifer	08/26/2020	CDBG-CV Food Items/Food Distribution	904.97	904.97
13376	22026	Merz Construction Inc.	08/26/2020	Access Control Panel System Update - Elec Gate - City Hall	3,921.04	3,921.04

13377	Miss Donuts	Miss Donuts	08/26/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13378	Motormax	Motormax Inc.	08/26/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13379	68769414	Occupational Health Centers of CA	08/26/2020	DMV Medical Recert Exam - 8/12/20	103.00	103.00
13380	Pretty Lash	Pretty Lash Ink	08/26/2020	Small Business Relief Grant Program/7227 Broadway Suite 101	7,887.68	7,887.68
13381	Promex Auto	Promex Automotive	08/26/2020	Small Business Relief Grant Program	9,443.10	9,443.10
13382	RCScreen	RC Screen Printing	08/26/2020	Small Business Relief Grant Program	1,717.45	1,717.45
13383	Aug 11 Aug 25	Southern CA Firefighters Benefit Trust	08/26/2020	LG Firefighters Benefit Trust 8/11/20 LG Firefighters Benefit Trust 8/25/20	830.70 830.70	1,661.40
13384	Tashas Natural	Tasha's Natural Haircare Solutions	08/26/2020	Small Business Relief Grant Program/3468 Citrus St	4,200.00	4,200.00
13385	6900 6901	Aguirre & Associates	09/02/2020	Tract 0062 Subdivision Map Check - Jul'20 Legal & Plat for Washington St Dedication - Jul'20	172.50 315.00	487.50
13386	86100	Art's Lawnmower	09/02/2020	Stahl Hedge Trimmer/Promask Helmets/Safety Glasses	708.81	708.81
13387	7/13/20-8/12/20	AT&T	09/02/2020	Phone Service 7/13/20-8/12/20	88.08	88.08
13388	5656247168	AutoZone, Inc.	09/02/2020	Windshield Washer/Power Steering Fluid/Diesel Exhaust Fluid-Sani	48.11	48.11
13389	10294L-IN 35703-IN	Aztec Landscaping Inc	09/02/2020	CUPCCA #2021-02 Bakersfield East Channel Clearing Landscape Mgmt Svc - Jul'20	29,378.00 3,610.00	32,988.00
13390	INV2689	Azteca Systems, LLC	09/02/2020	Cityworks Update & Support - 9/25/20-9/24/21	15,000.00	15,000.00
13391	Bell Wireless	Bell Wireless Inc.	09/02/2020	Small Business Relief Grant Program	9,500.00	9,500.00
13392	31754	Boot World Inc	09/02/2020	Work Boots - Rubio	250.00	250.00
13393	7078942	Certified Laboratories	09/02/2020	Protective Gear/Face Masks - COVID-19	376.59	376.59
13394	2500 2516	Clark Telecom & Electric Inc.	09/02/2020	Street Light Dig-Alert Markouts - Jul'20 Street Light Repairs - Jul'20	329.71 307.95	637.66
13395	Aug20	Colonial Life	09/02/2020	Colonial Optional Insurance -Aug20	328.76	328.76
13396	202000540	County of San Diego/Assessor/Recorder	09/02/2020	Recording Services- 7/2/20 & 7/23/20	190.00	190.00
13397	6144 6145 6146 6147 6160 6161	D- Max Engineering Inc	09/02/2020	1963 Berry St Inspection 7/1/20-7/31/20 1993 Dain Dr Inspection 7/1/20-7/31/20 6800 Mallard Ct Inspection 7/1/20-7/31/20 Golden Doors Inspection 7/1/20-7/31/20 LG Broadway Self-Storage SWQMP Review 7/1/20-8/14/20 LG Vista Azul SWQMP Review 7/1/20-8/14/20	666.68 151.60 249.60 28.53 1,124.75 1,229.00	3,450.16
13398	Davids Flowers	David's Flowers	09/02/2020	Small Business Relief Grant Program	9,000.00	9,000.00
13399	Dell Awards	Dell Awards	09/02/2020	Small Business Relief Grant Program	5,250.00	5,250.00
13400	DentFinish SD	DentFinish SD	09/02/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13401	dsb20194091	Dig Safe Board	09/02/2020	State Fee/Regulatory Monthly Costs/Dig Alert 2019	57.13	57.13
13402	202003121	Dudek	09/02/2020	Prof Svcs: Inspection Support Svc/Grove Hill Proj 3/28-4/24/20	6,750.00	6,750.00
13403	5/11/20-5/14/20 6/1/20-6/4/20 6/8/20-6/11/20 7/13/20-7/16/20 7/20/20-7/23/20 7/27/20-7/30/20 7/6/20-7/9/20 8/17/20-8/20/20	Esgil Corporation	09/02/2020	75% Building Fees- 5/11/20-5/14/20 75% Building Fees- 6/1/20-6/4/20 75% Building Fees- 6/8/20-6/11/20 75% Building Fees- 7/13/20-7/16/20 75% Building Fees- 7/20/20-7/23/20 75% Building Fees- 7/27/20-7/30/20 75% Building Fees- 7/6/20-7/9/20 75% Building Fees- 8/17/20-8/20/20	17,811.38 5,602.60 8,780.92 3,455.95 5,509.97 8,442.22 4,568.65 7,098.23	61,269.92
13404	Fame Auto	Fame Auto Repair	09/02/2020	Small Business Relief Grant Program/3515 Buena Vista Ave	8,000.00	8,000.00
13405	FirstChineseExp	First Chinese Express Inc	09/02/2020	Small Business Relief Grant Program	5,000.00	5,000.00
13406	1543	G & G Backflow Plumbing Service	09/02/2020	Replace Brass Test Cocks/Tested Backflow Assembly	174.49	174.49
13407	252632	GB Auto Service, Inc.	09/02/2020	Tire/Wheel Balance - LGPW#33 Animal Control '17 Chevy	180.09	180.09
13408	6/17/20-8/20/20	Helix Water District	09/02/2020	Water Services- 6/17/20-8/20/20	30,141.34	30,141.34
13409	12868 12869 12870 12871 12872	Infrastructure Engineering Corporation	09/02/2020	Prof Svc: 1993 Dain Dr - Development Inspection 5/30/20-7/31/20 Prof Svc: Mallard Ct - CM Services 6/27/20-7/31/20 Prof Svc: 3280 Olive St - CM Services 6/27/20-7/31/20 Prof Svc: 7082 San Miguel Ave -- CO Services 6/27/20-7/31/20 Prof Svc: 1560 Angelus Ave -- CO Services 6/27/20-7/31/20	444.00 148.00 222.00 74.00 74.00	962.00
13410	Iris Dental	Iris Dental	09/02/2020	Small Business Relief Grant Program	5,000.00	5,000.00
13411	J & V Nail	J & V Nail Designs Inc	09/02/2020	Small Business Relief Grant Program/7775 Broadway	5,000.00	5,000.00
13412	JAAM Electric	JAAM Electric	09/02/2020	Refund/JAAM Electric/Paid Late Fee in Error	17.00	17.00

13413	1637	Janazz, LLC SD	09/02/2020	IT Services- City Hall- Aug'20	2,150.00	2,150.00
13414	141489	Knott's Pest Control, Inc.	09/02/2020	On Call Pest Control/Gnat Control - Sheriff Stn & City Hall	95.00	95.00
13415	LG Antique Mall	Lemon Grove Antique Mall	09/02/2020	Small Business Relief Grant Program	4,811.90	4,811.90
13416	INV31786	Logicopy	09/02/2020	Ricoh C3502 Copier Contract Charge- PW Yard - 8/7/20-9/6/20	51.58	51.58
13417	Cynthia Love2	Love, Cynthia	09/02/2020	Small Business Relief Grant Program	3,863.12	3,863.12
13418	4926-AR11705	Metropolitan Transportation Commission	09/02/2020	Street Saver Subscription 9/1/20-8/31/21	1,500.00	1,500.00
13419	1092102	Michael Baker International	09/02/2020	Prof Eng Svcs/FY19/20 Sewer CIP Rehab Proj Desgn thru 7/31/20	3,195.00	3,195.00
13420	INV-000014	Municipal Sewer Tools	09/02/2020	Sewer Camera - Tiger Tail 3" Heavy Duty Hose	118.53	118.53
13421	3010321829 3010322859	Parkhouse Tire Inc	09/02/2020	Backhoe 420E- Fleet Service/Flat Repair GapVax- Fleet Service/Flat Repair	209.54 149.25	358.79
13422	PD-46210 PD-46211	Plumbers Depot Inc	09/02/2020	Sewer Camera - Ball Valve/Selector Switches - LGPW#32 Sewer Camera - 24" Monitor/HDMI Cable/Converter - LGPW#26	621.22 700.66	1,321.88
13423	Posh Poodle	Posh Poodle Dog Grooming	09/02/2020	Small Business Relief Grant Program	7,700.00	7,700.00
13424	Pretty LashInk2	Pretty Lash Ink	09/02/2020	Small Business Relief Grant Program/7227 Broadway Suite 101	1,112.32	1,112.32
13425	INV00017942	RapidScale Inc.	09/02/2020	Virtual Hosting/Back Up Svc/Cloud Storage/Svr 8/31/20-9/29/20	4,175.78	4,175.78
13426	75980	Rick Engineering Company	09/02/2020	Prof Svc: City Engineer 5/30/20-6/26/20	44,713.13	44,713.13
13427	Sabor Mexican	Sabor Mexican Grill	09/02/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13428	SD Bouncers	San Diego Bouncers LLC	09/02/2020	Small Business Relief Grant Program	10,000.00	10,000.00
13429	Sdcarforsale	Sandiegocarforsale.com	09/02/2020	Small Business Relief Grant Program	5,000.00	5,000.00
13430	SD Motorz2	SD Motorz Services	09/02/2020	Small Business Relief Grant Program	1,358.40	1,358.40
13431	8/19/2020 8/21/2020 8/19/2020	SDG&E	09/02/2020	3225 Olive- 7/20/20-8/19/20 3500 1/2 Main- 7/20/20-8/19/20 3601 1/2 LGA-7/20/20-8/19/20	97.49 192.97 32.44	322.90
13432	Sharp Ind	Sharp Industries LLC	09/02/2020	Refund/Sharp Industries LLC/Paid Late Fees in Error	25.00	25.00
13433	8327 Mt Vernon	Solis, Connie	09/02/2020	Refund/Solis, Connie/Remainder Eng Deposit/8321-8327 Mt Vernon	2,791.67	2,791.67
13434	80513 80514	Southwest Signal Service	09/02/2020	Bi-Monthly Traffic Signal Maintenance - Jul'20 Traffic Signal Service Calls - Jul'20	975.00 788.59	1,763.59
13435	Sportsmans Pub	Sportsman's Pub	09/02/2020	Small Business Relief Grant Program/7346-50 Broadway	10,000.00	10,000.00
13436	INV-003987	Springbrook Holding Company, LLC	09/02/2020	Financial Software/Reporting/Annual Maintenance10/18/20-10/17/21	22,364.00	22,364.00
13437	462270	State of California- Department of Justice	09/02/2020	Fingerprint Apps - Entertainers - Jul '20	96.00	96.00
13438	104403514-0001 104638428-0001	Sunbelt Rentals Inc.	09/02/2020	Jumping Jack Tamper 8/11/20 Propane	157.05 17.72	174.77
13439	720200391	Underground Service Alert of Southern Ca.	09/02/2020	62 New Ticket Charges - Jul'20	112.30	112.30
13440	United Product	United Production Framing	09/02/2020	Refund/United Production Framing/Overpayment	19.50	19.50
13441	72670878 72670879 72686312 72686313	Vulcan Materials Company	09/02/2020	Asphalt/SS1H 4.5 Gallon Bucket Asphalt Asphalt/SS1H 4.5 Gallon Bucket Asphalt/SS1H 4.5 Gallon Bucket	354.07 456.43 305.58 153.76	1,269.84
13442	162690	West Coast Arborists, Inc.	09/02/2020	TDA Tree Maintenance - 7/1/20-7/15/20	7,805.00	7,805.00
					536,865.74	536,865.74



CITY OF LEMON GROVE

CITY COUNCIL STAFF REPORT

Item No. 1.C

Meeting Date: September 15, 2020
Submitted to: Honorable Mayor and Members of the City Council
Department: City Manager's Office
Staff Contact: Shelley Chapel, City Clerk
Schapel@lemongrove.ca.gov

Item Title: **Approval of City Council Meeting Minutes**

Recommended Action: Approval of City Council Meeting Minutes.

Environmental Review:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Not subject to review Negative | <input type="checkbox"/> Declaration |
| <input type="checkbox"/> Categorical Exemption, Section | <input type="checkbox"/> Mitigated Negative Declaration |

Fiscal Impact: None.

Public Notification: None.

**MINUTES OF REGULAR MEETING
OF THE LEMON GROVE CITY COUNCIL
VIRTUAL MEETING VIA ZOOM**

TUESDAY, SEPTEMBER 1, 2020

*The City Council also sits as the Lemon Grove Housing Authority,
Lemon Grove Sanitation District Board, Lemon Grove Roadway Lighting District Board,
and Lemon Grove Successor Agency.*

Regular Meeting of the City Council of the City of Lemon Grove, California, took place virtually pursuant to California Governor Executive Orders N-25-20, N-29-20 and N-35-20, and in the interest of public health and safety, we temporarily took actions to prevent and mitigate the spread and effects of the COVID-19 virus by holding City Council and other public meetings via virtual audio media only.

Call To Order:

Mayor Vasquez called the Regular Meeting to order at 6:04 p.m.

Present:

Mayor Racquel Vasquez, Mayor Pro Tem Jennifer Mendoza, Councilmember David Arambula, and Councilmember Jerry Jones.

Absent: Councilmember Yadira Altamirano

Staff Members Present:

Lydia Romero, City Manager, Kristen Steinke, City Attorney, Mike James, Assistant City Manager/Public Works Director, Molly Brennan, Administrative Services Director, Noah Alvey, Community Development Manager, Mike Rand, San Diego Sheriff's Lieutenant, Steve Swaney, Fire Chief, and Shelley Chapel, City Clerk.

Pledge of Allegiance was led by Councilmember Jones.

Mayor Vasquez observed a moment of silence in honor of the memory of Faith Leader in Lemon Grove who passed away recently, Pastor George Lindsey of the Lemon Grove Community Church. The meeting will be adjourned in his honor for his leadership in faith at the Lemon Grove Community Church and for giving the community such a landmark building "The Lagoon."

Presentation:

Lemon Grove Library City Council Update presented by Laura Mendez, Branch Manager

Public Comment was read into the Record by City Clerk, Chapel: None.

City Council Oral Comments and Reports on Meetings Attended at the Expense of the City

Councilmember Jones attended the following meetings and events:

- Metro Wastewater JPA
- East County Chamber of Commerce Government Affairs Committee

Mayor Pro Tem Mendoza attended the following meetings and events:

- Zoom Meeting with Lemon Grove School District with Mayor Vasquez and City Manager Romero
- Volunteered for the SANDAG Litter Abatement Committee

Requested an agenda item be added to the next Regular City Council Meeting regarding the Council calendar to the agenda, seconded by Councilmember Arambula.

Mayor Vasquez attended the following meetings and events:

- CAL OES Briefing for Mayors and City Managers Meeting
- Weekly COVID Meeting to Update Mayors - Meeting Hosted by San Diego County
- Food Distribution on Saturday mornings
- Zoom Meeting with Lemon Grove School District with Mayor Pro Tem Mendoza and City Manager Romero

City Manager's Report:

City Manager Romero provided an update on COVID restrictions currently they are being lifted in some categories (nail and hair salons) and others at a reduced capacity (churches and restaurants). Update: Small Business Relief Grant Program utilizing the Federal and County CARES Grant monies. To date the City has compensated 50 businesses with their award of grant monies and there are 24 businesses still eligible or pending.

Consent Calendar:

- 1.A Waive Full Text Reading of All Ordinances on the Agenda.
- 1.B Ratification of Payment of Demands
- 1.C Approved City Council Meeting Minutes for Virtual Regular Meeting of August 4, 2020
- 1.D Adopt Resolution No. 2020-3762, entitled, "A Resolution of the City Council of the City of Lemon Grove, California, Authorizing an Amendment to the San Diego Urban County CDBG Program Cooperation Agreement from Fiscal Year 2021-22 to Fiscal Year 2023-2024."
- 1.E Adopt Resolution No. 2020-3763, entitled, "A Resolution of the City Council of the City of Lemon Grove, California, Accepting Fiscal Year 2019 State Homeland Security Grant Program Funds."

Action: Motion by Councilmember Arambula, seconded by Councilmember Jones, to approve Consent Calendar Items 1.A-1.E.

The motion passed by the following vote:

Ayes: Vasquez, Mendoza, Arambula, Jones
Noes: Altamirano

Reports to Council:

2. Video Federation and Integration; SafeSanDiego – Lemon Grove

Mayor Vasquez introduced Mike Rand, Sheriff's Lieutenant, who gave the report and PowerPoint Presentation.

No Public Comment Received.

Action: Received Report.

3. General Plan Housing Element Update

Mayor Vasquez introduced Noah Alvey, Community Development Manager, who gave the report and PowerPoint Presentation.

No Public Comment Received.

Action: Received and Filed.

4. City Manager Employment Contract and Performance Evaluation Timeline

Mayor Vasquez introduced Kristen Steinke, City Attorney, who gave the report.

No Public Comment Received.

Action: Received and Filed.

City Attorney Steinke convened the meeting into Closed Session at 7:31 p.m. Closed Session was conducted via Closed Session Room separate from the "Virtual Meeting." The Audio Recording for the Meeting was paused at that time.

Closed Session:

1. PUBLIC EMPLOYEE EMPLOYMENT
Government Code Section 54957

Performance Evaluation: City Manager

The meeting was reconvened into Open Session at 7:52 p.m., the City Attorney Steinke reported there was no action taken in Closed Session.

Adjournment:

There being no further business to come before the Council, the meeting was adjourned at 7:53 p.m. Mayor adjourned in honor of Pastor George Lindsey for his leadership in faith at the Lemon Grove Community Church and for giving the community such a landmark building "The Lagoon," to a meeting to be held Tuesday, September 15, 2020, as a Virtual Meeting, for a Regular City Council Meeting.

Shelley Chapel, MMC
City Clerk



CITY OF LEMON GROVE

CITY COUNCIL STAFF REPORT

Item No. 1.D

Meeting Date: September 15, 2020

Submitted to: Honorable Mayor and Members of the City Council

Department: City Manager's Office

Staff Contact: Lydia Romero, City Manager

Item Title: **Third Extension of the Proclamation of an Existing Local Emergency (COVID-19)**

Recommended Action: Adopt a Resolution Approving the Third Extension of the Proclamation of an Existing Local Emergency due to COVID-19.

Summary: On March 24, 2020, a proclamation was signed by the Director of Emergency Services for the City of Lemon Grove related to the COVID-19 pandemic. On March 31, 2020, the City Council adopted Resolution No. 2020-3710 proclaiming the Existence of a Local Emergency (COVID-19) in the City of Lemon Grove. On May 19, 2020 the City Council adopted Resolution No. 2020-3725, extending the proclamation of the Existence of a Local Emergency (COVID-19) in the City of Lemon Grove. Under state law the elected body must extend the declaration of the stated emergency within 60 days of its adoption. On July 21, 2020 the City Council adopted Resolution No. 2020-3752, extending the proclamation of the Existence of a Local Emergency (COVID-19) in the City of Lemon Grove. Under state law the elected body must extend the declaration of the stated emergency within 60 days of its adoption.

Thus, an additional extension of the declaration of a state of emergency due to the COVID-19 pandemic must be adopted if the emergency still exists. In this case, the emergency still exists and, thus, an extension should be adopted.

Environmental Review:

☒ Not subject to review

☐ Negative Declaration

☐ Categorical Exemption, Section []

☐ Mitigated Negative Declaration

Staff Recommendation: Adopt a resolution continuing the proclamation of a Local Emergency Authorizing the City Manager to take necessary actions to protect the public welfare of the City from the serious and imminent threat of Coronavirus (COVID-19).

Attachments: Attachment A – Resolution

RESOLUTION NO. 2020-

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE,
CALIFORNIA EXTENDING THE PROCLAMATION OF A LOCAL
EMERGENCY (COVID-19) IN THE CITY OF LEMON GROVE**

WHEREAS, on March 4, 2020, Governor Gavin Newsom declared a state of emergency in the State of California as a result of the threat of COVID-19; and

WHEREAS, on March 13, 2020, the President of the United States declared a national emergency in response to the novel coronavirus (COVID-19) pandemic; and

WHEREAS, on March 24, 2020, the Emergency Services Director of the City of Lemon Grove signed a Proclamation declaring an emergency in the City of Lemon Grove related to the COVID-19 pandemic;

WHEREAS, on March 31, 2020, the City Council of the City of Lemon Grove adopted Resolution No. 2020-3710 proclaiming the Existence of a Local Emergency (COVID-19) in the City of Lemon Grove;

WHEREAS, on May 19, 2020, the City Council of the City of Lemon Grove adopted Resolution No. 2020-3725 extending the proclamation of the Existence of a Local Emergency (COVID-19) in the City of Lemon Grove;

WHEREAS, on July 21, 2020, the City Council of the City of Lemon Grove adopted Resolution No. 2020-3752 extending the proclamation of the Existence of a Local Emergency (COVID-19) in the City of Lemon Grove;

WHEREAS, the conditions brought upon the City by the COVID-19 pandemic are or are likely to continue to be beyond the control of the services, personnel, equipment and facilities of the City of Lemon Grove; and

WHEREAS, this emergency proclamation extends the proclamation of the emergency declared by the Lemon Grove City Council pursuant to Government Code section 8360.

NOW, THEREFORE, the City Council of the City of Lemon Grove, California hereby ratifies the attached emergency proclamation for the City of Lemon Grove related to the COVID-19 pandemic.

PASSED AND ADOPTED on September 15, 2020, the City Council of the City of Lemon Grove, California, adopted Resolution No. 2020-_____, passed by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Racquel Vasquez, Mayor

Attest:

Shelley Chapel, MMC, City Clerk

Approved as to Form:

Kristen Steinke, City Attorney



CITY OF LEMON GROVE

CITY COUNCIL STAFF REPORT

Item No. 1.E

Meeting Date: September 15, 2020

Submitted to: Honorable Mayor and Members of the City Council

Department: City Manager's Office

Staff Contact: Steve Swaney, Fire Chief

Item Title: **City Proclamation - National Preparedness Month**

Recommendation: It is the recommendation of staff that the month of September be proclaimed as National Preparedness Month in the City of Lemon Grove.

Summary: Beginning in 2004, each September has been designated as National Preparedness Month here in the United States. During this month, Americans across the country are encouraged to take the important steps necessary to prepare themselves, their families and their communities to respond to and recover from disasters.

Discussion: We face a variety of disasters in our area and being prepared can help people to cope with the additional stress and anxiety that can be caused by sudden and unexpected situations. Becoming better prepared does not have to be a complicated process. The four main steps are relatively simple and straightforward.

1. Make a Plan – Include the entire household in designing your plan. Then practice it.
2. Build a Kit – Gather supplies that will last for several days following a disaster for everyone living in your home.
3. Prepare for Disasters – Know the risks, such as wildfires and earthquakes.
4. Teach Youth About Preparedness – Talk with children about preparing for emergencies and what to do in case you are separated.

Environmental Review:

☒ Not subject to review

☐ Negative Declaration

☐ Categorical Exemption, Section []

☐ Mitigated Negative Declaration

Fiscal Impact: None.

Public Notification: None.

Attachment: Proclamation

Proclamation

National Preparedness Month September 2020

WHEREAS, “National Preparedness Month” creates an opportunity for every resident of the City of Lemon Grove to prepare their homes, businesses and communities for any type of emergency, including natural disasters and potential terrorist attacks;

WHEREAS, Lemon Grove residents have previously experienced the effects of various disasters including devastating wildland fires, severe storms, and drought as an effect of climate change resulting in loss of life and damages costing millions of dollars;

WHEREAS, Southern California is currently experiencing extreme fire conditions that highlight the importance of disaster preparedness, both at the individual and institutional levels;

WHEREAS, the aftermath of the 2003, 2007 and 2014 firestorms in San Diego County demonstrated the necessity for careful and thorough emergency planning and preparedness among individuals, communities and agencies locally;

WHEREAS, the loss of life and damage to property can be greatly reduced if appropriate emergency preparedness measures are taken before, during and after a major emergency; and

WHEREAS, all citizens of the City of Lemon Grove are encouraged to participate in citizen preparedness activities and asked to review the Ready campaign’s website at Ready.gov or Heartlandfire.org and become more prepared.

NOW, THEREFORE, I, Racquel Vasquez, Mayor of the City of Lemon Grove, and the entire City Council, do hereby proclaim the month of September 2020 to be

NATIONAL PREPAREDNESS MONTH

in the City of Lemon Grove and encourage all citizens and businesses to develop their own emergency preparedness plan and work together toward creating a more prepared community.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the official seal of the City of Lemon Grove to be affixed this 15th day of September 2020.

Racquel Vasquez, Mayor



CITY OF LEMON GROVE

CITY COUNCIL STAFF REPORT

Item No. 2

Meeting Date: September 15, 2020

Submitted to: Honorable Mayor and Members of the City Council

Department: Finance Department

Staff Contact: Molly Brennan, Administrative Services Director

mbrennan@lemongrove.ca.gov

Item Title: FY 2020-2021 Budget Quarterly Report

Recommended Action: Receive and file.

Summary: Due to the economic uncertainty caused by the COVID-19 pandemic, staff has prepared an update to City Council on the status of the City's General Fund finances. No formal budget adjustments are being recommended at this point in time.

Discussion:

Fiscal Year 2020-21 (FY 20-21) Adopted General Fund Budget

Lemon Grove's General Fund is the City's primary day-to-day operating fund. Public safety, government administration, community services, street maintenance, environmental programs, and park maintenance are all funded through the General Fund. The City has other programs that are funded with restricted revenue sources. Those other funds, as well as the Lemon Grove Sanitation Budget, are not being discussed tonight, as the impact of COVID-19 on their revenue is limited.

In June, City Council adopted a FY 20-21 General Fund budget with a \$1,053,777 deficit, with the short-fall being funded by \$705,875 of one-time lien revenue received in FY 19-20 and the remainder from existing General Fund reserves, or fund balance. In August, City Council approved a budget adjustment of \$452,000 to pay for drainage project at McKnight and Mt. Vernon, bringing the adopted deficit to a total of \$1,505,777.

First Quarter FY 20-21 Activity

In government finance there is a delay of about one to three months in receiving revenue and paying invoices. Therefore, we do not have accurate information to share yet on revenue earned or costs incurred during July and August. For example on the expenditure side, the City receives services or supplies from a vendor, the vendor then takes a few

weeks to send the City an invoice, the City then has 30 days to pay the invoice. Although when we pay, we book the expenditure back to period when the service was rendered, we don't know all of our costs immediately. On the revenue side, we only have immediate data for revenue that the City directly collects, such as building permits, facility rentals, and business licenses. The majority of our revenue is collected by other agencies and later remitted to us. For example, the State collects sales tax revenue and the County collects property tax revenue and then they pass on the revenue to each jurisdiction. The sales tax revenue from the State makes it to us about two to three months after an individual pays sales tax on a purchase in Lemon Grove.

The lack of available information on how much the City has earned and incurred for FY 20-21 is part of the reason staff is not making recommendations for specific budget changes at this point. However, there is valuable information to share on revenue and economic trends that will frame future budget adjustments. The rest of the report will mainly focus on FY19-20 activity and general revenue trends. Fiscal Year 19-20 represents financial activity from July 1, 2019 – June 30, 2020, which includes three and a half months of activity during the pandemic (mid-March through June). Revenue during that period is good baseline for revenue projections moving forward into FY 20-21.

Revenue Trends

Sales Tax

Sales Tax typically makes up about 40% of the General Fund's annual revenue, the City's largest revenue source. In a non-COVID world, the City anticipated receiving \$5,547,721 in sales tax revenue in FY 19-20. In the year end projections presented during the FY 20-21 budget process, that number was reduced to \$4,955,202. Thankfully, at least so far, Lemon Grove has not seen the magnitude of declining sales tax as other cities in California have experienced during the pandemic. We ended FY 19-20 receiving \$5,444,546 in sales tax revenue. About \$103,000, or 2%, less than we originally budgeted. Being cautiously optimistic, staff believes it is reasonable to increase our expectations for FY 20-21 sales tax revenue by \$158,000, from \$4,993,703 to \$5,151,400. Consumer spending during the first part of the pandemic was increased by the stimulus checks sent by the Federal Government, along with the expanded unemployment benefits. As those individual resources are reduced, there is uncertainty about how overall consumer spending may also decline.

Additional Information

Attachment A to this report is a quarterly newsletter provided by the City's sales tax consultants, HdL. While the most recent newsletter is for January-March 2020 activity, it is a great resource for summarizing Lemon Grove's quarterly activity from our main revenue source. When the April-June 2020 newsletter is published, staff will share with City Council and post on the City's website.

Attachment B to this report is HdL's economic forecast for California for both April-June 2020 and for FY 20-21. These are state-wide projections and the overall sales tax impact of each municipality depends on the types of businesses within their jurisdiction. Just like in budgeting, it is best practice to make conservative forecasts so that cities are not counting on revenue that may not materialize. In staff's opinion, these forecasts are fairly conservative and we anticipate a less dire impact for Lemon Grove in FY 20-21.

Property Tax

Property taxes are the second largest source of revenue for the General Fund. Property tax revenue continues to remain stable. Even if property values decline in the future, there is a year or more delay in property tax revenue as the tax bills are based on the prior year's property values. Property tax bills are sent out twice annually by the County, in November and February, therefore we receive most of our property tax revenue in December and March. Due to the biannual nature of this revenue source, the City has not yet received any property tax revenue for FY 20-21.

The City also uses HdL to for property tax analysis. The most recent communication from HdL stated "After falling to the lowest level since the Great Recession, California's housing market bounced back in June with the largest month-to-month sales increase in nearly 40 years, while the median home price set another record high. This is due in part to the loosening of lockdown restrictions and pent up demand driven by record-low interest rates. While the momentum is expected to be sustained as we are well into the third quarter, the resurgence in coronavirus cases remains a concern and may hinder the market recovery in the second half of the year. Median prices increased in all regions in June, with the more affordable markets increasing year-over-year in the high-single digits." To get a Lemon Grove specific update it is valuable to look at recent property sales activity within in City and how the most recent quarter (April-June) compares with prior quarters. Attachment C is a summary report from HdL which shows the City's sales activity of detached single family residential properties from 2017 through June 2020. Although the pandemic has reduced the quantity of homes that were sold in the last quarter, the median price has continued to grow. This is a solid indicator that property tax revenue will remain stable for FY 20-21 and likely for the following fiscal year as well.

Building Permits

Building permit revenue is one of the few revenue sources the City directly collects which gives us real time data. FY 20-21 adopted budget for building permit revenue is \$250,000. Based on July and August activity, the City is on track to be closer to \$310,000. Seventy-five percent (75%) of revenue is passed onto third party building contractors, Esgil. If revenue increases by \$60,000, then an additional \$15,000 will be received to offset to staff time.

Building activity has remained strong during the pandemic as home owners are spending more time at home and are investing more of their resources into their homes in place of typical spending on vacations or entertainment. In addition with interest rates low, home equity loans are more attractive. Building permit revenue for small projects has been supplemented by a few larger projects were in the works before the pandemic and are continuing forward. Since the pandemic began, the City has taken in building permit fees for three large projects that have increased our revenue from this source, including Mallard Court, 12 new single family dwellings off of Central, and building improvements within Albertsons. Like sales tax revenue from general consumer spending, it is unclear if home improvement spending will continue at these higher levels now that individual resources from the stimulus checks and increased unemployment benefits have been reduced.

Day Camp

Day camp during summer of 2020 had to limit capacity to 60 children in order to comply with public health restrictions on operations. Demand for camp also significantly decreased from years' past due to higher unemployment, parents who are working from home, and families concerned about the health risk of camp. Comparing the day camp revenue received last July and August (2019) with what was paid this July and August, the City took in \$49,000 less this year. The FY 20-21 adopted budget anticipated \$100,000 of day camp revenue, but that is highly unlikely. It will probably be closer to \$40,000. With fewer camp attendees, the City has needed fewer recreation leaders, so the cost to the City has been lower as well. The reduction in costs does not fully offset the reduction in camp revenue as the City has had to reduce the ratio of kids to recreation leader to comply with public health guidance. In addition, the fixed costs for the facility and the City's two full-time employees who organize and run the day camp remain the same regardless of the number of attendees.

Short-term Rentals

City facilities typically available for short-term rentals remain closed. This time last fiscal year, the City had received about \$11,000 in rental revenue. This fiscal year we have received zero. The FY 20-21 adopted budget estimated \$60,000 in rental revenue. Even if facilities rentals re-open beginning next month, the City is unlikely to receive more than \$45,000 this fiscal year from this revenue source.

Other Revenue Impacts

Last fiscal year the City opened as a passport application acceptance facility in order to generate additional revenue. Since the public health orders went into effect in March, the U.S. Department of State has restricted passport processing to life-or-death emergencies and is only accepting application submitted at their San Diego office. The City budgeted \$10,000 of revenue from passport processing for FY20-21. Based on the re-opening plans

from the Department of State, passport processing is likely to remain closed for the near future and it is unlikely the City will collect \$10,000 of revenue this fiscal year.

Recreation classes remain closed. Yoga usually brings in about \$500/month, which is partially offset by no instructor costs.

Summary of Revenue Trends

Sales tax is estimated to be down year over year, but not as bad as the initial projections from this spring. Property taxes and building permit revenue remain strong in the near term. Day camp, short-term facility rentals, passport processing, and recreation classes have been hit hard. Overall, staff estimates these revenue trends will lead to FY 20-21 total revenue to be slightly more than originally budgeted. Specific budget adjustments will be recommended at the next quarterly update in December.

Future Potential Revenue Sources

Cannabis Tax Measure

On July 7th, City Council voted to place a Cannabis Business Gross Receipts Tax measure on the November 3rd ballot. If the ballot measure is approved by the Lemon Grove voters, the measure will take effect on January 1, 2021 and City Council will have the discretion to set the tax rates, not to exceed 8% of gross receipts for retail sales.

A fiscal analysis of the tax measure was completed by an independent California cannabis tax expert. Although the tax will apply to all types of cannabis activity, the fiscal analysis only includes the cannabis activity that is currently legal in the City, medical marijuana dispensaries. Based on current code and distancing requirements, about four medical marijuana dispensaries will be able to operate within Lemon Grove. The analysis estimated that with four operational dispensaries at a retail tax rate of 4%, \$560,000 of revenue will be generated, and at the maximum tax rate of 8%, \$1,120,000 of revenue will be generated each year.

Currently there is one operational dispensary in Lemon Grove, so the impact to the FY 20-21 budget will be smaller. Using the assumption that each dispensary will generate \$3.5M in annual taxable sales, like analysis referenced above, one dispensary will generate approximately \$140,000-\$280,000 (4%-8% tax rate) in new revenue for the City. Since the tax would be effective for half of the current fiscal year, the impact to the City's FY 20-21 budget would be half of that, \$70,000-\$140,000.

Electronic Billboard

Outfront Media has submitted a building permit application to the City's Planning Division. When a formal permit is issued to Outfront Media, they will in turn submit an

application to Caltrans District 11 processing. Once the message board is operational, the City will receive at least \$325,000 a year in new revenue.

Sale of Remnant Parcel

City staff is still working to finalize the sales transaction with Mossy Honda on the sale of the parcel. The sale has taken longer than expected due to title issues from before the City owned the parcel. Mossy Honda is still very much interested and staff anticipates this transaction to be complete by the end of this fiscal year. The funding from this sale will be one-time monies.

Conclusion

Staff recommends no changes to the adopted budget at this point in time. At the next quarterly budget review, in December, staff will propose specific budget adjustments. In three months there will be more data available on FY 20-21 revenue trends, including July-September sales tax revenue, and the outcome of the Cannabis Tax Measure will be known.

Environmental Review:

- ☒ Not subject to review ☐ Negative Declaration
☐ Categorical Exemption, Section [] ☐ Mitigated Negative Declaration

Fiscal Impact: See content of report. No specific budget changes.

Public Notification: None

Staff Recommendation: Receive and file.

Attachments:

Attachment A – HdL’s Q1 2020 Sales Tax Update

Attachment B – HdL’s June 2020 California Forecast

Attachment C – HdL’s Property Sales Value History Report

Q1 2020



City of Lemon Grove Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2020)

Lemon Grove In Brief

Lemon Grove's receipts from January through March were 9.5% below the first sales period in 2019 but this decline was caused by the Governor's recent Executive Order allowing some businesses an extra 90-days to file their tax return. Actual sales were approximately flat.

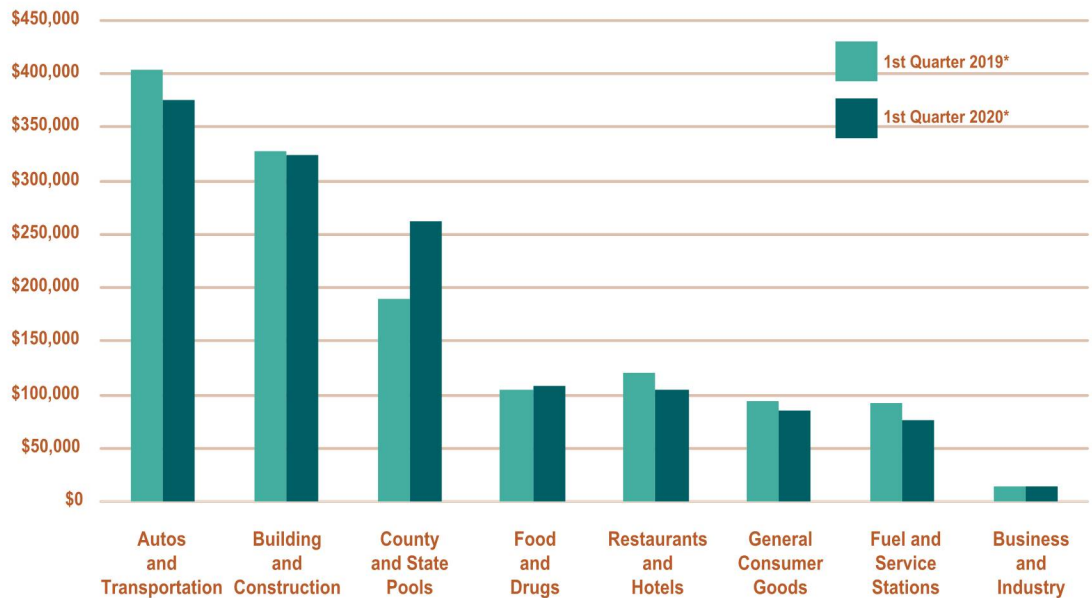
Lemon Grove benefited from a 38% surge in allocations from the countywide use tax pool. This funding is distributed amongst county agencies based on proportional cash proceeds and, because the City's results outperformed most other jurisdictions, it received a larger share. Additionally, a legislative change has resulted in the taxation of additional internet sales that had previously gone untaxed.

Conversely, auto-transportation related revenue fell as consumers shied away from making major purchases.

Restaurant proceeds dropped after the Governor's March 19 shut-down order closed dining rooms near the tail-end of the quarter. Store closures also impacted building materials and general consumer goods.

Net of aberrations, taxable sales for all of San Diego County declined 4.0% over the comparable time period; the Southern California region was down 4.1%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Albertsons	KC Broadway Arco
Arco AM PM	La Mesa Glass
AutoZone	Larry H Miller Toyota
Chevron	Lemon Grove
Discount Tire	Lidos Italian Food
EW Truck & Equipment	Mobil
Food 4 Less	Mossy Honda
Golden State Gasoline	Lemon Grove
GTM Discount General Store	Petco
Harbor Freight Tools	RCP Block & Brick
Home Depot	Sprouts Farmers Market
Honda Lease Trust	Thompson Building Materials
In N Out Burger	Toyota Lease Trust
	USA Gas

REVENUE COMPARISON

Three Quarters – Fiscal Year To Date (Q3 to Q1)

	2018-19	2019-20
Point-of-Sale	\$3,986,492	\$3,367,237
County Pool	623,333	714,374
State Pool	2,100	1,987
Gross Receipts	\$4,611,925	\$4,083,598

Statewide Results

With stay at home/non-essential business restrictions in place during the last two weeks of the quarter, local one cent tax revenues for the state overall, were 18.8% lower than January to March of 2019. Taxpayer relief programs accounted for much of the decline with receipts down roughly 3.1% after factoring for payment deferrals and other accounting anomalies.

Severe drops in auto sales, general consumer goods, service stations and restaurants were largely offset by new revenue from implementation of the Wayfair v. South Dakota decision that now requires out-of-state retailers to collect and remit Californian's sales and use tax. Other offsets included a surge in online shopping that boosted receipts from the county use tax allocation pools and from online retailers who maintain and ship their inventory from within California.

The food/drug sector also showed strong gains as did many home supply, dollar and discount stores that remained open during the shutdown.

New Challenges & Opportunities

Current indicators suggest that overall tax receipts for the April thru June sales period will bottom out at 27% below the second quarter of 2019. The speed of the rebound in sales activity will be dependent on the availability of adequate testing, treatment therapies and ultimately a vaccine. Until then, physical distancing, COVID-19 protocols and supply chain disruptions will create limitations on some operating capacities and the return to work of all employees. Health fears, discounts and liquidation sales may also keep sales tax revenues below pre-pandemic levels until solutions are in place.

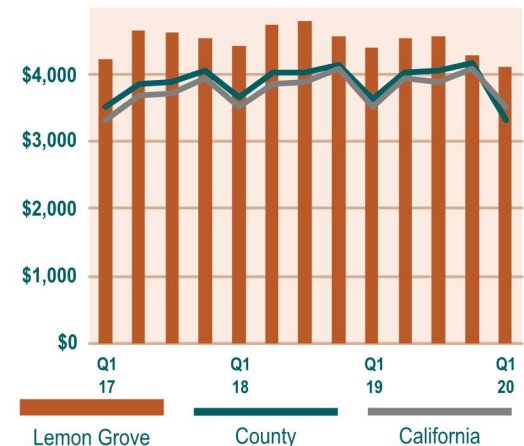
Regardless of when full recovery does occur, reports are that some elements of the economy will be permanently altered. Generation of future tax revenues may require rethinking of local economic strategies.

Over expansion, excessive debt and consumer shifts to online shopping were already resulting in bankruptcies with estimates of up to 25,000 brick-and-mortar store closings by the end of 2020. "Touch and feel" shopping is not going away but retailers see an evolution where in-store shopping is more leisure/recreational oriented with smaller stores offering more show-rooming and delivery/pick-up services. The smaller footprints and lifestyle emphasis offer opportunities to reinstate downtowns and neighborhood centers as economic/social gathering places.

The Pandemic's capture of new online customers and the growing trend of manufacturers and entrepreneurs with new concepts to bypass physical stores and sell directly to the consumer also expands options for agencies without large market populations to generate sales tax through industrial development.

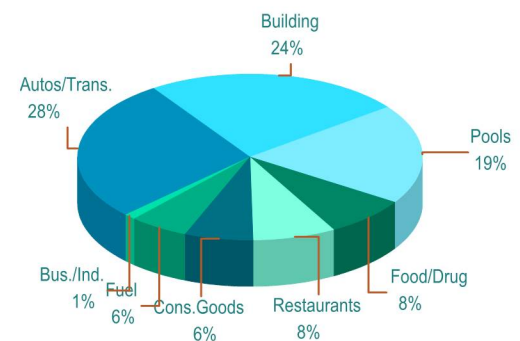
Finally, the Pandemic's disruption of supply chains has also accelerated growing dissatisfaction with overseas arrangements and some reshoring will occur which offers opportunities to leverage a city's existing business base to attract compatible support industries.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP Lemon Grove This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

LEMON GROVE TOP 15 BUSINESS TYPES**

*In thousands of dollars				
Business Type	Lemon Grove		County	HdL State
	Q1 '20*	Change	Change	Change
Auto Lease	24.4	-2.5%	0.1%	1.6%
Auto Repair Shops	14.8	-0.5%	-6.5%	-7.5%
Automotive Supply Stores	26.3	-2.1%	-10.0%	-9.5%
Building Materials	281.3	-3.4%	-0.5%	3.0%
Casual Dining	21.7	-6.6%	-18.2%	-18.8%
Contractors	— CONFIDENTIAL —		6.8%	3.1%
Convenience Stores/Liquor	19.4	-1.0%	-4.3%	-4.4%
Drug Stores	— CONFIDENTIAL —		3.2%	3.4%
Grocery Stores	73.1	3.3%	13.1%	11.8%
New Motor Vehicle Dealers	— CONFIDENTIAL —		-10.4%	-10.6%
Paint/Glass/Wallpaper	17.0	13.0%	-6.1%	3.6%
Quick-Service Restaurants	75.1	-15.1%	-9.1%	-8.5%
Service Stations	75.4	-18.3%	-8.9%	-9.5%
Specialty Stores	19.4	6.6%	-10.6%	-10.1%
Variety Stores	— CONFIDENTIAL —		-4.6%	0.9%
Total All Accounts	1,087.6	-6.0%	-8.0%	-7.3%
County & State Pool Allocation	261.9	37.6%	19.3%	22.4%
Gross Receipts	1,349.6	0.1%	-4.0%	-3.0%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.

CALIFORNIA FORECAST SALES TAX TRENDS AND ECONOMIC DRIVERS JUNE 2020

San Clemente, California

HdL provides relevant information and analyses on the economic forces affecting California's local government agencies. In addition, HdL's Revenue Enhancement and Economic Development Services help clients to maximize revenues.

HdL serves over 500 cities, counties and special districts in California and across the nation.



*Delivering Revenue, Insight and Efficiency
to Local Government Since 1983*

HDL CONSENSUS FORECAST – JUNE 2020

STATEWIDE SALES TAX TRENDS

HdL Companies

 **TOTAL** 2Q20 | 2020/21
-27% | -1.1%

Autos/Transportation 2Q20 | 2020/21 -35% | -7.4%

Industry forecasts have projected a wide range for new vehicle sales in 2020. Firms such as Moody's, JD Power, the California New Car Dealer's Association, and ALG made recent projections for a decline in the range of 15% to as much as 34%. Recent news reports were more positive; many dealers had strong sales in May on popular truck and SUV models as the economy reopens. Pricing concerns remain with the threat of possible bankruptcies by car rental firms triggering a glut of used cars on the market. Shortages of popular models could also be a problem later this year after recent factory closures. Job and income losses are expected to contribute to weakness in the next few quarters followed by a slow recovery. A 20% drop in overall sales is projected this calendar year.

Building/Construction -3% | 0.8%

The lifting of Bay Area restrictions on construction projects in May coupled with the fact that other counties' restrictions were much less severe than anticipated, relieved the downward pressure on construction spending. While there is still apprehension regarding the direction taken by developers as they consider whether commercial projects will pencil out in the end, the backlog of work created by the Bay Area shutdowns along with the persistent demand for new housing are expected to boost statewide spending for the next two quarters. Growth is expected to flatten during FY 2020-21 in response to so many consecutive quarters of lower permit issuance across the state. However, strong increases are expected in FY 2021-22 following a return to positive trends in the rest of the economy.

Business/Industry -27% | -3.8%

Private sector data suggests this group bottomed out in April 2020. However, supply chain disruptions along with COVID-19 social distancing and other protocols are reported to limit production capacity for many companies through fall. Firms supplying hospitals and ecommerce related storage, sales and delivery activities are anticipated to post gains. Tax from buses and public carriers funded by federal grant programs may produce one time revenues for some agencies. Most other segments are not expected to surpass 90% of previous levels until adequate virus testing and vaccines are available. Each jurisdiction's experience will differ due to the size and character of its business/industrial tax base.

Food/Drugs 2Q20 | 2020/21 5% | 2.5%

Cannabis, grocery and drug stores have remained operational during shelter in place mandates. As such, revenues improved during the first quarter of this year. Households which chose to avoid long lines and limit merchant location trips utilized online ordering capabilities in much greater numbers. To retain shoppers, vendors adapted quickly by further implementing BOPIS, mobile checkouts and other safe means of completing transactions. Retailers invested in employee and customer safety. Less frequent dining out causes greater sales of food and beverages. Cannabis dispensaries, manufacturers and growers provide additional taxes for this category.

Fuel/Service Stations -55% | -4.7%

As the shelter in place restrictions resulting from COVID-19 have slowly been lifted, there are now small signs of positive economic activity. While crude oil barrel prices plummeted last quarter due to reduced demand and oversupply, they have ratcheted back up. This is reflected in the average price of a gallon of gas in California inching positively toward \$3 per gallon. Oil barrel prices are forecasted in the low \$40 range by mid-summer, nevertheless, this does not translate into higher fuel and service station sales until demand picks up. Taxes will rise when consumer confidence and willingness to travel approach pre-COVID-19 levels. The short term outlook is reduction in receipts through the end of 2020 with enhanced returns occurring during the first quarter of 2021.

General Consumer Goods -45% | 1.3%

As restrictions were implemented to combat the spread of COVID-19 in an effort to flatten the curve, brick and mortar retail was heavily impacted in the second quarter. In what is being dubbed by some as the Great Disruption, nonessential retail across most of the state came to a standstill. Job losses, stay-at-home orders and diminished wealth all substantially decreased consumers ability to spend even by those not facing income losses. As doors closed and immediate demand fell, many national retailers restructured; some permanently shuttered their footprint. Reopening in June drives a slight boost tied to pent-up demand before settling below pre-crisis levels for some time. While trends have been shifting for a while, the pandemic significantly sped up the timeline as customers were forced to explore shopping through different channels. Will these behaviors be long-lasting and how will stores adapt has yet to be seen.

HDL CONSENSUS FORECAST – JUNE 2020

STATEWIDE SALES TAX TRENDS

HdL Companies

 **TOTAL** ^{2Q20 | 2020/21}
-27% | -1.1%



Restaurants/Hotels

^{2Q20 | 2020/21}

-50% | -11.7%

Quick service restaurants were the least affected by shelter in place, as drive thru's quickly adapted to social distancing; some chains even saw gains in the first quarter. Casual dining scrambled to establish to go/delivery options, but still most reported revenues down more than 50% through May. Most fine dining and leisure/entertainment temporarily closed while hotels recorded 85% vacancy rates. Reopening is at varying stages, with dining room capacity reduced to accommodate six feet of separation. Numerous agencies are allowing outdoor seating in parking lots and streets to help reach the needed seating capacity for restaurants to operate. People anxious to eat out provide a short term boost, but higher prices and reduced capacity result in a long recovery for this sector.



State and County Pools

^{2Q20 | 2020/21}

20% | 10.9%

The irony is not lost. While many categories have suffered from the worldwide virus outbreak, the 2018 SCOTUS Wayfair decision and subsequent implementation yielded double digit percentage growth each of the last four quarters. Annual pool revenues now exceed one billion dollars; the upward trend stays the course. Marketplace facilitator's compliance extends until third quarter 2020 which completes full implementation. For reasons stated throughout this forecast, online spending behavior has exploded as buyers seek deals and order needed products as people work differently from past norms. Non-store retail grabbed a larger share of the market sooner than expected; experts believe a portion of this behavioral shift is permanent which is reflected in the figures presented.

Proposition 172 projections vary from statewide Bradley-Burns calculations due to the state's utilization of differing collection periods in its allocation to counties. HdL forecasts a statewide decrease of -6.3% for Fiscal Year 2019/2020 and -1.3% for 2020/2021.

NATIONAL AND STATEWIDE ECONOMIC DRIVERS



U.S. Real GDP Growth

2020/21 | 2021/22

-0.8% | 3.4%

With most of April's data in, the Federal Reserve Bank of Atlanta's GDPNow forecast for second quarter growth currently sits at a startling -51% annualized pace – five times worse than the worst quarter for growth ever recorded in the United States. The Congressional Budget Office (CBO) released a recent forecast that predicted U.S. economic output at the end of 2022 will be 5% smaller than if there had been no pandemic, and a full recovery could take a decade – very similar to what transpired after the Great Recession. The good news is that the second quarter, as bad as it's expected to be, will still be significantly better than this early GDPNow prediction. The -51% growth will only occur if May and June look like April. However, the pieces of data that have been coming in for May all suggest that the nation is already past the trough of economic activity and things are rebounding. Moreover, evidence continues to build that the third quarter will be even better. Despite continued dismal outlooks from a broad group of pundits, economists, and government officials, the "V" shaped recovery is already underway.



U.S. Unemployment Rate

8.1% | 4.5%

Two of the most important stimuli plans implemented to date include the Paycheck Protection Program, which gave forgivable loans to businesses, and expanded unemployment benefits, which increased the number of workers who could receive benefits as well as providing an additional \$600 per week in payments. The data for May suggest that 22 million Americans are receiving unemployment benefits—functionally speaking, that is everyone who is unemployed. And with the supplemental payment, anyone who was earning less than \$42,000 per year is actually making more money being unemployed. Beacon Economics continues to forecast a strong, rapid economic recovery. We expect the economy to reach close to pre-virus levels of production by the end of the year and unemployment to decline to the 5% range. The 2020 coronavirus recession will be one of the sharpest and shortest on record.



CA Total Nonfarm Employment Growth

1.5% | 1.3%

In April 2020, total nonfarm employment in California fell by 2.3 million positions compared to the month earlier. This represents a 13.5% drop in the number of nonfarm jobs in the state over the course of just one month. The number of jobs in California has not been this low since March 2013 – seven years of job gains lost in the blink of an eye. California's Leisure and Hospitality sector led job declines in April, shedding 866,200 positions. This translates into an extraordinary 44% drop in one month for the sector. The state's highest paying sectors have not been immune to lay-offs. In the Professional and Business Services sector, 242,800 (-9%) jobs were shed during the month, and in the Information sector, the number of jobs fell by 40,500 (-7%). The release of national data on June 5, revealed that the national economy added jobs in May, returning a relatively small, but not insignificant, number of employees to work. The expectation is that these national gains will filter through to California, and that employment growth will have also returned to the state in May following April's losses.



CA Unemployment Rate

2020/21 | 2021/22

4.0% | 4.0%

From March to April, 1.8 million workers were added to the state's unemployment ranks. The number of unemployed workers, at just shy of 3 million, is now the highest on record. At 3.7%, December 2019 marked the best unemployment rate in California history. Four months later, at 15.5%, April 2020 marked the state's worst unemployment rate in more than 80 years. Today, now that stay-at-home health mandates have eased, California's employment picture is brighter than it was in April. We can take comfort in the fact that 75% of the state's unemployed workers report their layoffs as being temporary, and that employment growth returned to the national economy in May.



CA Median Existing Home Price

\$532,216 | \$564,823

The state's Median Existing Home Price increased 1.5% between the fourth quarter of 2019 and the first quarter of 2020. This represents a year-over-year increase of 6.4%, reaching \$513,250. Current home prices show no effects from the pandemic, especially as national shelter inflation remains elevated – having swiftly recovered in May after a brief dip in April. Home sales, generally a leading indicator of prices, fell by 3,160 in the first quarter, ending the year-long recovery from the mortgage rate spike that occurred in the Fall of 2018. The decline in sales is assuredly due to stay-at-home mandates, but whether its strong enough to move the needle remains to be seen. Beacon Economics will continue to monitor the situation and adjust its forecast accordingly.



CA Residential Building Permits

126,449 | 131,572

Residential permits in California dipped slightly in the first quarter of 2020. Beyond typical seasonal influences, it appears that the COVID-19 pandemic and related closures have had a small impact, although Beacon Economics does not foresee any drastic shifts on the horizon. Still, the state is in the midst of a housing shortage and this ultimately puts pressure on housing prices and threatens California's labor force.

HdL Companies

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California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

Beacon Economics

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Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.



HdL Companies

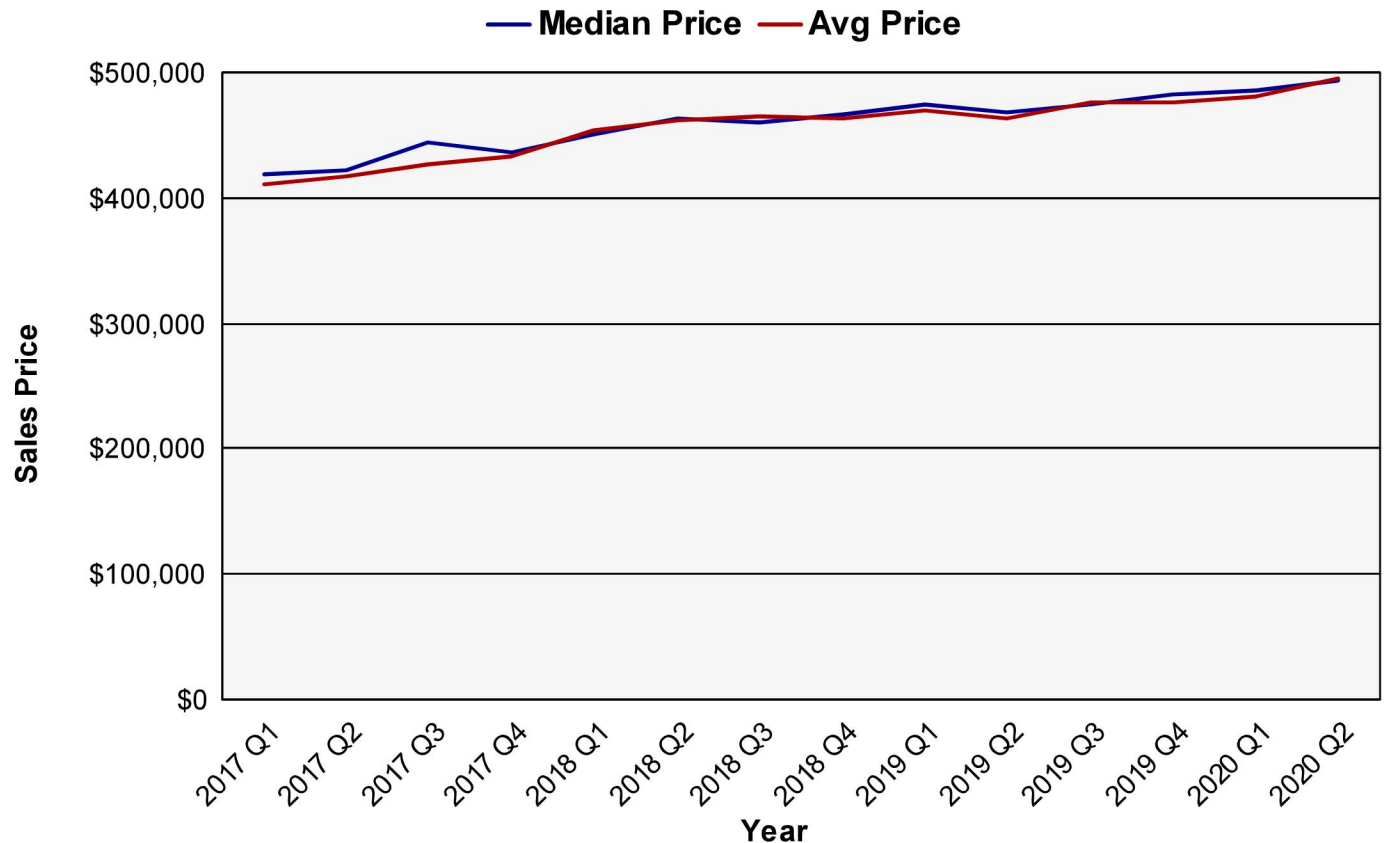
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THE CITY OF LEMON GROVE

SALES VALUE HISTORY

Detached Single Family Residential Full Value Sales (01/01/2017 - 6/30/2020)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2017 Q1	48	\$411,073	\$418,500	
2017 Q2	78	\$417,622	\$421,250	0.66%
2017 Q3	77	\$426,435	\$445,000	5.64%
2017 Q4	63	\$432,476	\$436,000	-2.02%
2018 Q1	55	\$453,718	\$451,000	3.44%
2018 Q2	68	\$461,449	\$463,500	2.77%
2018 Q3	69	\$465,290	\$460,000	-0.76%
2018 Q4	56	\$463,911	\$466,500	1.41%
2019 Q1	40	\$470,438	\$475,000	1.82%
2019 Q2	55	\$463,064	\$468,000	-1.47%
2019 Q3	67	\$476,813	\$475,000	1.50%
2019 Q4	65	\$475,462	\$482,500	1.58%
2020 Q1	54	\$481,546	\$485,000	0.52%
2020 Q2	44	\$494,455	\$493,250	1.70%



*Sales not included in the analysis are quitclaim deeds, trust transfers, timeshares, and partial sales.

Data Source: San Diego County Recorder

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Prepared On 7/30/2020 By MV



CITY OF LEMON GROVE

CITY COUNCIL STAFF REPORT

Item No. 3

Meeting Date: September 15, 2020

Submitted to: Honorable Mayor and Members of the City Council

Department: City Manager's Office

Staff Contact: Lydia Romero, City Manager

Item Title: Discussion of Council Calendar

Recommended Action: City Council Discussion

Background and Discussion: At the City Council meeting of the September 1, 2020, Mayor Pro Tem Mendoza and Council Member Arambula requested an item be agenized to discuss an agenda calendar.

Environmental Review:

☒ Not subject to review

☐ Negative Declaration

☐ Categorical Exemption, Section []

☐ Mitigated Negative Declaration

Fiscal Impact: None

Public Notification: None

Staff Recommendation: City Council discussion