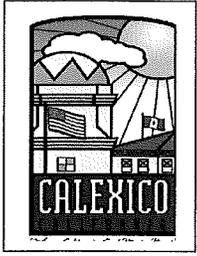


**AGENDA
ITEM**

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AGENDA STAFF REPORT

DATE: November 16, 2016 (Special Meeting)

TO: Mayor and City Council

APPROVED BY: Armando G. Villa, City Manager 

PREPARED BY: Armando G. Villa, City Manager

SUBJECT: Discussion and/or Action on General Public Safety Costs and Identification of Alternatives and Solicitation of Proposals for Provision of Contract Public Safety and Law Enforcement Services

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Recommendation:

Authorize the City Manager to:

1. Meet and Confer with Public Safety and Law Enforcement Labor Units over the process, implications and impacts of contracting for alternative methods of providing Public Safety and Law Enforcement Services;
2. Identify viable alternatives and solicitation of Proposals, Schedules & Cost Estimates for providing Public Safety and Law Enforcement Services.

Background:

Over the past years, many cities in California have experienced considerable spikes in overall costs of providing Public Safety and Law Enforcement Services. These costs are primarily attributed to elevated surges in costs for Salaries, Pension (including unfunded liabilities), and Health Insurance. It is estimated that costs will continue to rise due to the uncertainty of the CALPERS Pension System.

Discussion & Analysis:

The City of Calexico is in a Financial Crisis and is enduring its third year of deficit spending. General Fund Balance and Reserves have been depleted leaving no reserves to deal with emergencies. During FY 2013/2014 thru 2016/17 the General Fund was overspent by roughly \$9,000,000. Areas of overspending are Public Safety which include the Fire and Police Departments. The City of Calexico is estimated to pay over 75% of its General Fund Budget for Police and Fire Services. The City's General Fund can no longer sustain existing and anticipated safety & law enforcement costs. The remaining 25% has been deemed to be insufficient to cover other essential public services, needed maintenance and overall operations necessary for the Citizens of Calexico. Consequently, it is critical to analyze viable alternatives given the city's fiscal constraints and ability to generate revenues.

Fiscal Impact:

Given the FY 2016/2017 General Fund Shortfall and Expenditure Reduction Directive by the City Council, it is critical that costs savings are achieved with this process.

Attachment:

1. General Fund Revenue and Expenditure Trends and 5 Year Actuals.



City of Calexico
General Fund Revenue, Expenditure, and Fund Balance Trends
Includes Measure H

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Revenue and Transfers In							
Taxes							
Property	\$ 1,692,146	\$ 1,542,344	\$ 1,593,604	\$ 1,794,176	\$ 1,751,598		
Property In-Lieu VLF	2,635,628	2,462,626	2,430,586	2,398,672	2,471,424		
Surplus RPTTF				1,073,670	382,134		
Sales (75%)	2,962,981	2,936,807	2,843,793	3,125,517	3,492,273		
Sales In-Lieu (25%) (Triple Flip)	824,588	1,173,238	875,180	1,017,732	1,106,914		
Measure H	1,345,409	2,237,723	2,137,168	2,523,008	2,757,246		
Other Taxes	894,163	215,130	1,723,839	1,773,424	990,805		
Subtotal, Taxes	<u>10,354,915</u>	<u>10,567,868</u>	<u>11,604,170</u>	<u>13,706,200</u>	<u>12,952,394</u>		
Licenses, Permits and Fees	789,164	1,914,577	676,233	978,869	1,515,816		
Intergovernmental	541,479	629,754	198,966	110,585	183,451		
Charges for Services	2,917,950	695,189	1,536,472	1,469,589	1,844,093		
Interfund Cost Allocation	3,585,843						
Fines and Forfeitures	381,930	279,240	237,108	264,319	369,098		
Use of Money and Property	22,362	347,764	227,978	276,008	266,110		
Other Revenues	319,127	208,618	778,287	268,766	66,153		
Transfer In - SW Franchise Fees	334,152	702,143					
Transfers In - Grants, ISFs, Other	159,774	1,150,034	972,546	3,650	391,188		
Total Revenues	<u>19,406,696</u>	<u>16,495,187</u>	<u>16,231,760</u>	<u>17,077,986</u>	<u>17,588,303</u>	<u>17,190,115</u>	<u>17,373,165</u>
Expenditures and Transfers Out							
General Government							
Gross					3,554,249		
Interfund Cost Allocation					(682,979)		
Net	<u>2,187,179</u>	<u>2,278,725</u>	<u>3,588,021</u>	<u>2,438,265</u>	<u>2,871,270</u>		
Public Safety	11,862,666	9,302,751	9,720,917	12,094,610	12,913,021		
Public Works	1,075,707	550,074	1,643,152	262,293	1,763,925		
Culture and Recreation	1,078,042	1,154,696	951,389	1,733,363	1,424,588		
Community Development	-	844,529	-	1,475,923	1,073,338		
Capital Outlay	254,626	-	36,077	567,235	407,100		
Debt Service - Leases	115,000			373,012	204,862		
Transfers out - Measure H Debt Service	-	-	-	-	998,078		
Transfers out - Other	25,853	465,464	120,721	16,855	105,141		
Subtotal, Expenditures	<u>16,599,073</u>	<u>14,596,239</u>	<u>16,060,277</u>	<u>18,961,546</u>	<u>21,761,323</u>	<u>20,595,147</u>	<u>17,318,988</u>
Net Annual Activity	<u>2,807,623</u>	<u>1,898,948</u>	<u>171,483</u>	<u>(1,883,560)</u>	<u>(4,173,020)</u>	<u>(3,405,032)</u>	<u>54,177</u>
Fund Balance							
Beginning of Year	1,123,664	3,998,153	5,897,101	6,831,230	3,893,721	52,857	147,825
Prior Year Adjustments	66,866	-	762,646	(1,053,949)	164,327		
Interfund Borrowing						3,500,000	
End of Year	<u>\$ 3,998,153</u>	<u>\$ 5,897,101</u>	<u>\$ 6,831,230</u>	<u>\$ 3,893,721</u>	<u>\$ (114,972)</u>	<u>\$ 147,825</u>	<u>\$ 202,002</u>

Looking Back: General Fund Revenue and Expenditure Trends to 2015

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CITY OF CALEXICO
CITY COUNCIL
NOVEMBER 2, 2016

