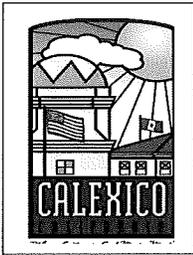


**AGENDA
ITEM
4**



AGENDA STAFF REPORT

DATE: April 19, 2017
TO: Mayor and City Council
APPROVED BY: Armando G. Villa, City Manager *[Signature]*
PREPARED BY: Gabriela T. Garcia, Deputy City Clerk *[Signature]*
SUBJECT: Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of January 11, 2017 and January 25, 2017.

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Recommendation:

Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of January 11, 2017 and January 25, 2017.

Background:

In accordance with Municipal Code Section 2.04.070, the City Clerk shall prepare minutes of the proceedings of each City Council Meeting.

Discussion & Analysis:

Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of January 11, 2017 and January 25, 2017, have been prepared for City Council review and approval.

Fiscal Impact:

None.

Coordinated With:

None.

Attachments:

Minutes for City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of January 11, 2017 and January 25, 2017.

AGENDA
ITEM
4

THE CALEXICO CITY COUNCIL/CALEXICO REDEVELOPMENT SUCCESSOR AGENCY/CALEXICO FINANCING AUTHORITY MET IN REGULAR SESSION ON THE 25TH DAY OF JANUARY, 2017 AT 5:30 P.M. AT THE FERNANDO "NENE" TORRES COUNCIL CHAMBERS, 608 HEBER AVENUE, CALEXICO, CALIFORNIA. THE DATE, HOUR AND PLACE DULY ESTABLISHED FOR THE HOLDING OF SAID MEETING.

CALL TO ORDER:

Council Member Pacheco called the meeting to order at 5:44 p.m.

PRESENT:

Council Member: Lewis Pacheco
Council Member: Jesus Eduardo Escobar
Council Member: Bill Hodge

ABSENT:

Mayor: Armando G. Real
Mayor Pro Tem: Maritza Hurtado
Mayor Real arrived at 5:50 p.m.

CLOSED SESSION

Council adjourned to closed session at 5:45 p.m. to discuss the following:

1. CONFERENCE WITH LABOR NEGOTIATORS
Agency Representatives: Armando Villa, City Manager, Carlos Campos, City Attorney
Employee Organizations: Police Officers Association, Fire Fighters Association, Supervisors Association, Certified Operators Association/SEIU Local 221
(Govt. Code Section 54957.6)

Council reconvened from closed session at 6:30 p.m.

**CALEXICO CITY COUNCIL/CALEXICO REDEVELOPMENT
SUCCESSOR AGENCY/CALEXICO FINANCING AUTHORITY**

REGULAR SESSION AGENDA - 6:30 P.M.

CALL TO ORDER

Mayor Real called the meeting to order at 6:35 p.m.

PLEDGE OF ALLEGIANCE:

Mr. Ben Horton led those present in the Pledge of Allegiance.

ATTENDANCE:

Mayor: Armando G. Real
Council Member: Lewis Pacheco
Council Member: Jesus Eduardo Escobar
Council Member: Bill Hodge

ABSENT:

Mayor Pro Tem: Maritza Hurtado

PRESENTATIONS**PROCLAMATION OF THE CALEXICO CITY COUNCIL DECLARING THE WEEK OF FEBRUARY 7-14, 2017 AS “NATIONAL MARRIAGE WEEK”.**

Council Members read the Proclamation declaring the week of February 7-14, 2017 as “National Marriage Week”

PRESENTATION BY DIRECTOR SANDRA TAULER REGARDING ACTIVITIES BY COMMUNITY SERVICES DEPARTMENTS.

Sandra Tauler, Community Services Director provided a detailed report on the variety of services and programs provided by the departments within Community Services such as the Calexico Public Library, Calexico Recreation and Cultural Arts. She informed the Carnegie Technology Center is open for service 18 hours and includes Wi-Fi. The technology center is staffed with personnel from the Camarena Library. ESL class is run at the technology center three times per week. The Recreation Department also has special activities such as Daddy Daughter Dance, Mother Son Dance, Tiny Tots, Basketball and Dodgeball Clinics and the Danzoneros learn at the program and perform locally. The Farmer’s Market is twice a month December through April and promotes healthy eating choices. The Department promotes the Senior Health and Wellness Program which is sponsored by the Heffernan Memorial Healthcare District. She further stated the Cultural Arts Center holds Arts Exhibits, dances, concerts, mural projects and looks for opportunities to promote the arts with programs such as Artist of the Month.

Mayor Real suggested sending out a calendar of the events with the water bills.

PRESENTATION BY CHIEF PETER MERCADO REGARDING ACTIVITIES AT THE CALEXICO FIRE DEPARTMENT.

Fire Chief Peter Mercado gave a presentation on the activities by the Fire Department servicing the community such as medical emergency, fire, hazard emergency. The department handles special tasks such as the emergency operations center for emergencies and hazardous materials exposure. The Department has Fire Prevention which is driven by fees for inspection of facilities and making life safety a true priority through inspection. Firefighting breaks down into two components; structural and wildland. The Department also lends assistance through mutual aid to other counties. Chief provided a two year call volume comparison. He advised the three ambulances in the department were donated by the Heffernan Memorial Healthcare District. He stated only one ambulance and one ladder truck are in service due to lack of staffing. The

Department is made up of seventeen paramedics and nine EMT's. Total staffing is twenty-two on active duty, two on inactive duty, one inspector, one admin assistant and one chief.

PUBLIC COMMENTS AND PUBLIC APPEARANCES

Ben Horton addressed the Council regarding his representation during the clean-up downtown on Martin Luther King Day and thanked Maribel Padilla for having persons from school and church groups from both Calexico and El Centro. He presented the code of ethics for consideration and reinstatement.

Dr. Mohammad Asiad addressed the Council about his case with regards to his son. He stating he is protesting that Lt. Gerardo is back on duty and further stated he did not trust Lt. Gerardo. He requested communication and respect for the victims for they deserve their rights and fair treatment and asked the Council and City Manager for answers on arresting the person responsible for damages to his son.

Juan Gonzalez, US Border Patrol Community Liaison, El Centro Sector, addressed the Council regarding their 2017 citizen academy, a three week program which will orientate the citizens to learn more about the U.S. Border Patrol, the academy will cover area operations, a border tour of the facilities, special operations group, prosecutions unit, public affairs and special units and use of force. The program starts on February 25, 2017 through March 11, 2017. Deadline to submit applications is February 9, 2017.

Maribel Padilla addressed the Council regarding the tent sales and about the Council wasting the public's time by not knowing the items. She asked the Council to do their homework and allow the city to get all the sales tax possible.

Sean Acuña, CPOA thanked the community for their unwavering support, the council and the city manager for with them and coming to a resolution, taking the concession and saving the department.

Joong Kim addressed the Council and stated the Council does not want to hear from the community. He further stated the City is for business big from outside and commented on giving \$17 million to Gran Plaza for the next 30 years and squeezing the funds from the community and the employees. He commented that the City never collected the impact fees and Council is trying to block the people and jeopardizing the community and using power for their benefit.

CITY COUNCIL COMMENTS AND REPORTS OF MEETINGS ATTENDED

Mayor Real commented on deferral of fees and was advised by City Manager Villa that this did not happen. He requested amount due to the City by Gran Plaza for a future meeting.

Council Member Hodge advised he attended the League of Cities New Council Members Conference which was a good learning experience. He suggested having a detailed City Manager's Report. City Manager Villa stated he provides an end of the week email on the week's happenings.

CITY MANAGER'S REPORT

City Manager Villa during last week's League of California Cities meeting visited with Senator Ben Hueso's office and addressed the issues of the New River in an effort to find solutions to clean up the river along with CalEPA and the Governor's office. He also visited with Eduardo Garcia's office and discussed the border crossing and New River and requested assistance and a voice in Sacramento. He stated he met with the Hearthstone Ad-hoc Committee and community and presented the results of the assessment of needed repairs. A work plan and budget was developed and presented and it will be over \$1.5 million of which \$1 million is from the bonding company and will be searching for additional funding in the capital programs and plan to go out to bid in about three weeks for the city-wide overlay project. City hopes to be under construction in April-May.

CONSENT AGENDA

Motion was made by Mayor Real, seconded by Council Member Hodge to approve the consent agenda consisting of the following: Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Special Meetings of December 28, 2016, January 9, 2017 and January 17, 2017; Warrants from January 6th to January 13th, 2017 and City Salaries & Benefits from December 24th 2016 to January 6th 2017; Adopt a Resolution authorizing the City Manager to endorse Temporary Use Permit (TUP) 16-07-34-L1855 between the City of Calexico and the United States Department of the Interior Bureau of Reclamation to Perform Geotechnical Investigations for Seismic Bridge Evaluation Study within the Bureau's Right-of-Way. Motion passed by the following vote to wit:

AYES: Real, Pacheco, Escobar, Hodge
NOES: None
ABSENT: Hurtado
ABSTAIN: None

DISCUSSION AND POTENTIAL ACTION ITEMS

APPROVAL OF TENTATIVE LETTER OF UNDERSTANDING (LOU) BETWEEN THE CITY OF CALEXICO AND THE CALEXICO POLICE OFFICERS ASSOCIATION.

Lorena Minor, President of the Calexico Municipal Employee Association (CMEA) commented on the heading of the document having the wrong association name and addressed the various issues such as all employees having the same benefits. She also commented on City Manager Villa coming to Calexico to clean up the mess made by others.

Motion was made by Mayor Real, seconded by Council Member Pacheco to approve the Tentative Letter of Understanding (LOU) between the City of Calexico and the Calexico Police Officers Association. Motion passed by the following vote to wit:

AYES: Real, Pacheco, Escobar, Hodge
NOES: None
ABSENT: Hurtado
ABSTAIN: None

INTRODUCE AND WAIVE FIRST READING OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CALEXICO, CALIFORNIA AMENDING CHAPTER 5.96 REGARDING REGULATORY PERMITS FOR CANNABIS CULTIVATION, MANUFACTURING, AND DISTRIBUTING.

Carlos Campos, Interim City Attorney provided a detailed presentation on the proposed ordinance amends and allows for cultivation, manufacturing and distribution of cannabis.

Mayor Real asked about the canopy tax. City Attorney Campos stated the tax is on sales in terms of value and the cost of cannabis has dropped and there could be a minimum tax or tax based on square footage. He further stated other cities have applied a two tier tax based on volume and square footage. He provided information on the process to carry out the tax. He pointed out the City does not have a zoning ordinance on this matter and this would have to go to Planning Commission. Potential future actions zoning ordinance requirements such as minimum property size, city services, set-backs from schools and churches, odors and potentially install filtration systems.

Mayor Real asked about the enclosed covered structures and proximity to schools and churches. Mr. Campos stated any impacts from the enclosed structures would be mitigated.

Council Member Hodge asked if dispensaries were allowed. City Attorney Campos stated this ordinance does not allow dispensaries.

City Attorney Campos addressed potential and future actions such as Reimbursement agreement and the Development agreement which is the mechanism with which the City can tax and obtain financing.

City Manager Villa stated this has been looked at this extensively. There have been presentations by two groups and since in California has legalized marijuana for medical and recreational purposes, the City needs to have enabling legislation adopted before it can allow anyone can entertain a permit to operate. He stated the need to see if there is interest in allowing it in a within the City for cultivation and not for storefront selling of the product. The City will come to Council on zoning regulations to be able to entertain each project and each project will go through a conditional use permit and all mitigation impacts will be addressed. Following this it will come back to you for approval.

Council Member Hodge stated the bottom line that if it is well regulated and there is a rigorous process and the safety is there, he believed there is nothing controversial about this issue, nothing dangerous to fear and this ordinance will allow the City to regulate the cultivation and distributed to other cities. He stated the City cannot miss out on this profitable opportunity. This is an endeavor that can happen relatively soon and bring millions in revenue to Calexico and we must be visionary, progressive to raise the quality of life for all citizens.

Maribel Padilla agreed with Mr. Hodge on this matter and on bringing in the taxes. She Spoke in favor of taxing marijuana to bring in revenue.

Lorena Minor agreed with Maribel and Council Member Hodge and if this is given the opportunity, it will bring revenue to the City and it might continue to help people with a cure for a better quality of life. She urged the council to allow the cultivation in the City.

Mayor Real stated we are living in historic times and the 1930's was the last time prohibition was lifted. Cannabis is a \$20 billion dollar industry and it will grow. He stated the need to understand that the Council does not want to cut employee salaries and the employees have gone from 250 to less than 150. He further stated that being the first City in the County to allow this is being progressive and asked for support.

Motion was made by Mayor Real, seconded by Council Member Escobar to approve the introduction and waive first reading of an ordinance of the City Council of the City of Calexico, California amending Chapter 5.96 regarding regulatory permits for Cannabis Cultivation, Manufacturing, and Distributing. City Attorney Campos read the title of the ordinance. Motion passed by the following vote to wit:

AYES: Real, Pacheco, Escobar, Hodge
NOES: None
ABSENT: Hurtado
ABSTAIN: None

REQUEST FROM MOTHER'S & MEN AGAINST GANGS COALITION FOR SPONSORSHIP OF THE ANTI-GANG AWARENESS.

Council Member Escobar read a statement from Mothers & Men against Gangs whereby they requested sponsorship.

Item was tabled for the next meeting.

APPOINTMENT BY MAYOR AND COUNCIL MEMBERS TO THE FOLLOWING COMMISSIONS/BOARDS/COMMITTEES:

- a) Calexico Police Advisory Board
- b) Arts Commission, Library Board, Historical Commission
- c) Economic Development Commission and Financial Advisory Commission
- d) Planning Commission
- e) Parks, Recreation, Beautification, and Senior Services Commission
- f) Business Improvement District (BID)
- g) Sales Tax Citizen Advisory Committee (Measure H)
- h) Abatement of Dangerous Buildings Board of Appeals
- i) Calexico Personnel Commission

Council Member Escobar appointed Ruben Moreno to the Measure H Committee.

Council Member Hodge appointed Ana Corona to the Personnel Commission.

APPOINTMENT OF DELEGATE MEMBER AND ALTERNATE MEMBER TO THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) REGIONAL

CONFERENCE AND GENERAL ASSEMBLY, MAY 4-5, 2017 IN PALM DESERT, CALIFORNIA.

Council Member Hodge stated he is on ICTC and requested to be appointed to be on a committee for SCAG as the alternate member.

Motion was made by Council Member Pacheco to appoint Mayor Real as the Delegate Member and Council Member Hodge as the Alternate Member. Motion was seconded by Council Member Escobar and passed by the following vote to wit:

AYES: Real, Pacheco, Escobar, Hodge
NOES: None
ABSENT: Hurtado

FUTURE AGENDA ITEMS

Council Member Escobar:

1. Consolidation of Abatement of Dangerous Building Committee with Planning Commission.

Mayor Real:

1. All User City fees – Presentation on comparison of all City Fees with other cities.

Council Member Pacheco:

2. Report on how the City is assisting the Calexico Chamber.
3. Request to bring back invocation.

Council Member Hodge:

1. Discussion on hiring of an aggressive grant writer. City Manager Villa advised the City is limited on funds to hire new people and could look at consulting companies.

ADJOURNMENT

There being no further business, meeting was adjourned at 8:34 p.m.

Armando G. Real, Mayor

ATTEST

Gabriela T. Garcia, Deputy City Clerk

THE CALEXICO CITY COUNCIL/CALEXICO REDEVELOPMENT SUCCESSOR AGENCY/CALEXICO FINANCING AUTHORITY MET IN REGULAR SESSION ON THE 11TH DAY OF JANUARY, 2017 AT 6:30 P.M. AT THE FERNANDO "NENE" TORRES COUNCIL CHAMBERS, 608 HEBER AVENUE, CALEXICO, CALIFORNIA. THE DATE, HOUR AND PLACE DULY ESTABLISHED FOR THE HOLDING OF SAID MEETING.

CALL TO ORDER

Mayor Real called the meeting to order at 6:40 p.m.

ROLL CALL

Mayor: Armando G. Real
Mayor Pro Tem: Maritza Hurtado
Council Member: Lewis Pacheco
Council Member: Jesus Eduardo Escobar
Council Member: Bill Hodge

PLEDGE OF ALLEGIANCE

Mayor Real led those present in the Pledge of Allegiance.

APPROVAL OF AGENDA

Motion was made by Mayor Real, seconded by Council Member Pacheco to approve the agenda as presented. Motion passed unanimously.

PUBLIC COMMENTS

Ben Horton addressed the Council regarding allegations he was taking money from developers for his personal gain and using City personnel for personal gain. Mr. Horton stated he takes issue with this matter and commented on receiving a letter from the City Attorney on September 13, 2016 to which he had not had the opportunity to respond.

Joong Kim stated he wished to send a message to the community regarding the Council not collecting four million dollars and regarding Council giving Gran Plaza a break of five hundred thousand dollars. He commented on giving Gran Plaza a deferral after they have not paid four million dollars due to personal interest. He further stated the Council is not doing their job on collecting the impact fees.

Abelardo Perez, LA Shuttle, provided a package to the Council regarding Calexico Transit trading license plates on their buses and operating within the City probably without insurance and the City will be liable if something were to happen.

Ismael Lopez commented on the electronic board congratulating to the Mayor and the Council. He questioned if the City needs this type of advertising when the City is broke. City Manager Villa advised the Council the advertising is not paid by the City and it is part of the company's commitment to the community and to promote city events.

Robert Wexler, CPOA, spoke on the pending labor negotiations. He wanted to go on record to clarify first that there be no doubt that the CPOA wants to work with the community and council to structure an agreement. He stated the city of Calexico benefits from having its own police department to provide services to the city. He stated the officers are vested in the community and they wish to continue providing services and they are committed to working with the city, keeping in mind, the deal needs to work for all parties. He further stated the police department is not responsible for the conditions of the city.

Manuel Yanez addressed the problems with the prior city manager. He stated it was unfortunate that the city cannot afford the Police Department even though we want to keep them in Calexico. He stated the Council needs to make a decision and by not making the decision money is being lost daily.

COUNCIL COMMENTS

Council Member Pacheco addressed the issue of yard sales and asked if permits were being obtained for yard sales. City Manager Villa stated there is a regulation to obtain a permit. Mayor Real stated the prior City Manager was working on a type of permit and provided direction to look into this matter.

Council Member Pacheco commented on being asked by a constituent regarding fixing sidewalks.

Council Member Hurtado commented on issues with gasoline in Mexicali. She commented on the problem with dumpster diving blocking the alleys and it is out of control and hoped this could be addressed. She also stated that at the old Guadalajara building there is trash and abandoned tires and it is blight being seen by visitors. She invited everyone to the Artist of the Month at the Cultural Arts Center where Mr. Angel Esparza is being recognized.

Council Member Hodge commented on making administration keep the Council up to date on projects and asked to be informed on the meetings other Council Members are attending more specifically with meetings across the border. He commented on issue that the Sheriff's will not always have the same officers in Calexico which he felt is very important for Calexico and if the City contracts with the Sheriff's department, the City will become dependent on them and all costs incurred by the Sheriff's will be passed on to Calexico and felt the City is better off and better protected with its own Police Department.

Mayor Real stated the Council needs to make tough decisions for the benefit of the City. He spoke about meeting with SAT in Mexicali regarding the pending closure of a lane going southbound. He also addressed the issue of traffic control due to excess traffic. He stated he is advocating to clean up the City and the difficulty due to funding. He stated that in 2010 there were 270 employees to the 130 today and this a problem. He stated that everyone needs to come together to meet the level of service the people are used to having. He pointed out lack of staffing and the need to come together and figure it out and staff the City.

CONSENT:

Ben Horton addressed Item No. 5 and stated he noticed that in the old conflict there was a Form 700 listed and on the new one there is no mention of the Form 700.

Council Member Pacheco pulled Item No. 4 for discussion.

Council Member Pacheco motioned to approve Consent Agenda consisting of item no. 3 - Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority minutes for meetings of December 7, 2016 and December 21, 2016 and Item No. 5 - Resolution Approving and Adopting an Amended Conflict of Interest Code Pursuant to the Political Reform Act of 1974. Motion was seconded by Council Member Hodge and passed unanimously.

ITEM NO. 4. - WARRANTS FROM DECEMBER 9TH TO DECEMBER 29TH 2016 AND CITY SALARIES & BENEFITS FROM NOVEMBER 24TH TO DECEMBER 9TH 2016 AND CITY SALARIES & BENEFITS FROM DECEMBER 10TH TO DECEMBER 23RD 2016.

Council Member Pacheco questioned the billing schedule for the City Attorney's Office. City Manager Villa explained the way the City Attorney's billing is handled and distributed amongst the departments. He further stated the City is in the middle of negotiations and there is a lot of other expertise provided by the firm for all the legal issues.

Mayor Real commented that some of these bills are also paid by developers. City Manager stated this is true for a portion of the bill.

2016-17 GENERAL FUND MIDYEAR BUDGET REVIEW AND PROPOSED BUDGET AMENDMENT.

Mayor Pro Tem Hurtado left the dais at 7:31 p.m.

Susan Mayer reported on the 2016-17 General Fund because this fund under which the City budgets its discretionary resources which includes public safety budgets, some public works budgets, community development, community services and administration. This fund is of particular importance because it has no reserves and because it was adopted with a gap that will be addressed tonight. She stated the General Fund is out of money and at the Council's discretion.

Council Member Hodge left the dais at 7:32 p.m.

Ms. Mayer stated the objectives which are to reprise General Fund Financial condition for the new Council Members.

Council Member Hodge returned to the dais at 7:35 p.m.

Reprise the 2016-17 General Fund Budget gap, report on progress closing immediate budget gap, and a proposed budget amendment an recap the six month year-to-date actual results.

She stated she will discuss the three new emerging risks, sales tax which is 40% of the combined General Fund revenues, the JPIA insurance pool and liabilities owed to JPIA for losses that

occurred while we were a member. The last is CalPERS and action they took to lower the discount rate and what this means to the City in terms of its current pension cost and its unfunded liability.

Moving to a sustainable service delivery model.

Ms. Mayer stated the specific action for tonight is to consider a resolution to amend the 2016-17 budget. She addressed the general balance trend including Measure H. She informed the city had a six million dollar reserve in 2013 and in two years, this money was gone. She informed the 2016 fund balance was estimated at minus \$3.5 million and Council was forced to take a loan to keep a cash balance to close out the books for 2016. Ms. Meyer explained the revenues and expenditures trends which show the revenues (combined General Fund and Measure H) were stable. She commented the revenues were higher due to the Measure H funds being double counted.

Ms. Mayer explained the combination of the double counted funds in the budget and the over expenditure. She explained the reason the 2014-15 budget went to zero was because there was a cost plan implemented, steps were taken by the Council to address, acknowledge and resolve the issue. She advised that the City made a draw from the Measure H bond proceeds and minimized the impact and steps have been taken and plans were put in place. She advised that a 2015-16 budget was not approved until June 30, 2016.

Expenditures Trends by Program

Ms. Mayer stated the Redevelopment Agency was eliminated and took with it a cost allocation to cover administration of about \$1 million and provided a description of the services provided such as Public safety, other programs, general government and Measure H debt service.

Ms. Mayer addressed the revenues and expenditure trends with 2015-2016 and 2016-2017 adopted budgets. She stated it shows that the City needed a loan from the Wastewater Department and a loan with a placeholder of \$3.9 million to be identified. By adopting this budget it gave the staff to find ways to close the gap. Today's budget amendment provides the solutions to close the gap. She stated that in the last six months, fees were restored, increased revenues from a traffic control grant. She gave credit to the employees who have negotiated contracts because they took deep cuts on short notice. There are four groups listed that have stepped up and today their paycheck is less than it was because they have contributed to the solution. Additional savings have been allocated for the Police and Fire Departments which are still under negotiations.

Ms. Mayer pointed out the vacancy savings including reduction in the non-department and 900k of the savings are from position vacancies which means lower service levels and this a temporary one time savings. She advised the equipment replacements are deferred. This is not real savings because service vehicles need to be replaced. Not replacing vehicles such as police vehicles is not a realistic assumption and not a permanent savings but in the interest of saving cash equipment replacement has been deferred. She stated that when the budget was adopted there were two different accounting services and departments have conducted budget monitoring not done in past years. The department heads now have six month history reports to work with moving forward.

Ms. Mayer provided the Proposed 2016-17 Budget Amendment as follows:

Revenues Including Fee Restoration; Traffic Grant	\$600,000
<u>Expenditures</u>	
Employee Contract Concessions	\$587,828
Proposed Police and Fire Savings	\$1,132,301
Vacancies	\$897,516
Capital Replacements Fire, Public Works	\$200,000
Operating Reductions	\$855,355
Police, Fire Equipment Leases	<u>(\$343,000)</u>
	\$3,950,000

Ms. Mayer pointed out the \$1.1 million (Proposed Police and Fire Savings) of the \$3.9 million has not been negotiated with the employees and the only way to break even for the year is if solutions are found in these two departments.

The 6 Month Year to Date Trend with Proposed Budget Amendment

Ms. Mayer pointed out the General Fund without Measure H is as follows:

	Budget	12/31/2016	% Remaining
Salaries/Benefits, net	\$ 9,809,570	\$ 6,833,456	30%
Other	<u>5,029,418</u>	<u>1,819,278</u>	<u>64%</u>
	<u>\$ 14,838,988</u>	<u>\$ 8,652,734</u>	<u>42%</u> ←

She further stated that meeting 2016-17 Expenditure Budget requires Police and Fire Savings.

Ms. Mayer provided the first of the New Emerging Risks – SALES TAX

She stated the Sales Tax is Most Significant Discretionary Revenue, 40% of Combined General Fund/Measure H revenues and the adopted annual budget is plus 2% vs prior year actual, the Point of Sale Revenues down 4% vs prior year and offsetting uptick in County pool allocation. She advised the City’s consultant, HDL Analysis by retail segment in progress will provide quarterly reports however, the December 2016 Quarterly Results will be published by Board of Equalization until March 2017.

Ms. Mayer addressed the city’s insurance program through CSAC to cover large insurance claims and the retrospective costs for the claims that are still being paid by the prior insurance company. The JPIA has sent retrospective invoices through 2013 however, the 2014 and 2015 retrospective bills are still coming. JPIA reports that the Police Department’s exposure for general liability losses in 2013 is \$1.1 million. Some installments have been made but this explains part of the reason why we are now being presented with these large invoices. Ms. Mayer stated every year the city paid a premium on July 1st to the insurance pool and in July 2015 the City paid a full premium but only received six month coverage. The City has found out that JPIA utilized that

funding to cover the 2016 premium. The City will have to cover an \$838,000 check in July 2017 that is not covered in the base budget. In addition there are additional balance due for the workman's comp and general liability of \$1.2 million that will be due July 2018. She informed JPIA covers two programs for the City; workman's comp and general liability claims. The City has received its share of premiums due.

Mayor Real requested a report on costs for workman's comp and general liability.

New Emerging Risks – CalPERS

Ms. Mayer addressed CalPERS lowering their discount rate, new investment earnings assumption (7.5% to 7%), increases cost of defined pension benefit program, employer contributions will begin increase 2018-19, estimated 1-3% of salary – Non-safety Plans, estimated 2-5% of salary – Safety Plans, the City's Unfunded Pension liability of \$19 million, with CalPERS assumptions, at June 2015 and 2016-17 payment \$849,000 and 2017-18 payment \$1.5 million. She advised the unfunded Liability and payments will increase with new 7% rate and questioned if the City can continue to afford its CalPERS benefit program

Ms. Mayer stated the 2016-17 solution is short term and not sustainable going forward. The financial reality is that revenues are not covering expenditures and the City has no reserves and the City's solvency is at risk in current and future years. She stated immediate change is necessary and the City cannot continue current service delivery model. She further stated the City needs to identify new revenues, reduce staff, level of service, reduce cost of service, continue employee contract and benefit reductions, outsource, privatize, joint services with other agencies and resize or discontinue programs.

Ms. Mayer presented the Essential Budgetary Controls and Monitoring City's Fragile Financial Condition. She proposed the adoption of annual program and capital budgets, upload of annual budget into financial system, timely recording of all financial transactions, timely reconciliation of bank statements, distribution of monthly reports to managers, timely analysis and response to deviations, formal midyear reporting to City Council, purchasing controls and timely year-end close and audit.

Mayor Pro Tem Hurtado left the chambers at 8:41 p.m.

Council Member Escobar left the dais at 8:41 p.m.

Mayor Pro Tem Hurtado returned to the chambers at 8:43 p.m.

The Next Steps for the City are to conclude on 2016-17 Police and Fire labor contracts, budget relying on \$1.1 million savings through June 2016, conclude on 2015-16 results and schedule audit, identify alternative cost structure for 2017-18 and develop multi-year financial model to evaluate service capacity, build reserves, and restore stability.

Council Member Escobar returned to chambers at 8:44 p.m.

Ms. Mayer stated the Proposed Action for this meeting is \$3,950,000 Budget Reductions and consider resolution presented to amend 2016-17 General Fund.

Joong Kim stated spoke about obtaining a factual budget and stated he felt sad for the condition of the City. He addressed the council spending wrongly and raising the management's salaries. He commented on outstanding collections by the City of over \$10 million and stated the gun club has not been paid.

James Beaver questioned Ms. Mayer on whether there was criminal malice or negligence. Ms. Mayer stated she was not able to answer because she was not here at the time.

Council Member Escobar asked Ms. Mayer what were the ramifications if the general fund continues to be in the red. Ms. Mayer stated the Council cannot run in the red and it has a fiduciary responsibility to live within its means or it must cut services and Council cannot call people to work without pay. She further stated the City cannot overspend the fund because the Council are personally liable for checks it writes that cannot be covered. Other cities have close fire stations, reduce 40% cost of service, level of service and increase revenues. She spoke on prioritizing services and allocating resources which are most essential.

Council Member Hodge asked for ways of obtaining revenue. Ms. Mayer stated the State of California constitution places limitations on cities, taxes need approval by people, fees and charges have to have a nexus to the charge of the cost of the service.

Council Member Hodge asked about a temporary tax on gasoline or tobacco. Ms. Mayer stated the California constitution does not allow for it without a population vote however, it can be part of a strategy in the long run.

Council Member Hurtado spoke about internal controls for the City and about transactions that took place with the allocation of funds for police and fire that were not recorded. Ms. Mayer advised that all concessions have been included in a line item for contract amendments and have been adjusted consistent with concessions.

Mayor Pro Tem Hurtado commented on how the allocations were very serious amounts and questioned how the City was supposed to establish a new reserve with the new insurance.

Mayor Pro Tem Hurtado addressed the cost of the Housing Department without revenues. Ms. Mayer stated the 2016-17 budget, for the first time, includes the salaries for the housing staff and if the city is able to break through with the housing grant, this will alleviate the general fund.

Mayor Real spoke about the need to create revenues and assist the businesses in the downtown. He urged the council on a need for a plan to create revenue.

Mayor Real made a motion to approve Resolution Approving the 2016-17 General Fund Midyear Budget Review and Proposed Budget Amendment. Motion was seconded by Council Member Hodge and passed unanimously.

FIRST READING OF AMENDING ORDINANCE NO. ____ AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CALEXICO, CALIFORNIA, AMENDING CALEXICO MUNICIPAL CODE SECTION 5.98.040 TO ALLOW ONE OFF-SITE SALE AND DISPLAY OF VEHICLE ("TENT SALE") TEMPORARY USE PERMIT PER DEALERSHIP PER CALENDAR YEAR.

City Manager Villa provided a report on prior ordinance that included tent sales only in the month of July and due to the weather in the summer, it is counterproductive to have them in July. He suggested removing the restriction of holding them in July and still allow one tent sale per year.

Council Member Pacheco asked if the City is allowing dealerships to come and have tent sales in Calexico when we have our own dealership and eight to nine car lots. He questioned how this help us to generate revenue.

City Manager Villa stated the City will ensure that the point of sale is within the City of Calexico. He stated the city will require that all the benefits stay in the City in capturing the sales tax and the City will issue a permit so every point of sale stays in Calexico.

City Manager Villa advised the way the ordinance reads, it is an allowed permit but only in July.

Council Member Escobar asked for the permit fee from a revenue standpoint. He was advised the fee is \$350.

City Manager Villa stated the City was presented with twelve thousand with one sale.

Council Member Escobar asked if the City has tried to work with the local dealers to create an additional source with tent sales.

Mayor Pro Tem Hurtado commented on bringing in other companies that do not plan to settle in Calexico and the need for this to be thought out. She stated that if the City really wants Economic Development, it cannot reduce the fees.

Council Member Escobar asked if the revenues were significant. City Manager Villa stated the sales are significant to the city.

Pacheco concern is keeping our local business here and keep the tent sales for our local dealers.

Joong Kim stated that the Council has to support the local business. He stated the city is not blocking them to come, the city is open to any business coming in. He commented on businesses who want to just hit and run and how this hurts the local businesses.

Ismael Lopez recalled a study was requested on the benefits of tent sales and once again asked for the city's plan.

Motion was made by Mayor Real to approve the first reading of the Ordinance Amending Calexico Municipal Code Section 5.98.040 to allow one off-site sale and display of vehicle ("Tent Sale") temporary use permit per dealership per calendar year. Motion was seconded by Council Member Hodge and Council took the following vote:

AYES:	Real, Hodge
NOES:	Hurtado, Pacheco, Escobar

Motion does not pass.

DISCUSSION AND CONSIDERATION ON EXPENDITURES INCURRED BY THE CITY OF CALEXICO ON DAY TO DAY OPERATIONS

City Manager Villa provided a staff report and requested dialogue from the council. He informed the council the cost for spectrum videotaping was \$27,000 annually; it was used for recordkeeping and the city is required to record. He further stated the cost for translation services was \$6,000 annually.

Council Member Escobar asked how many persons watch the meetings. Fernando Zavala, Spectrum Advertising explained that the cost includes special meetings and informed Spectrum provides live feed at no extra expense for the meeting. He explained the methods and the services provided for the cost. He advised there are approximately 150 persons watching the recordings per meeting.

Joong Kim commented on need for transparency and blocking information to the community. He believed the City has to save money and there is a need to record however, it should be with a state grants.

Council Member Hodge stated he believed that for transparency is important to have video-taping and translation.

Council Member Hurtado requested to leave the item as a standing item once a month for discussion.

Council Member Escobar left the dais at 9:50 p.m.

City Manager Villa stated this item was brought to Council due to the various expenditures addressed at the last meeting.

Mayor Real stated this type of discussion has been held during the approval of the warrants that are on the agenda every week.

Council Member Escobar returned to the dais at 9:54 p.m.

Mayor Real made a motion to give direction to the City Manager to look at every contract over \$5,000 and RFP for services.

Olivia Valenzuela stated the council is micromanaging and the City Manager has a job to do.

Council Member Hodge stated the need to find a way to be efficient and suggested that the reason for the briefings is to explain the areas and to be more aware of the purpose moving more swiftly during the meetings.

Motion was seconded by Council Member Escobar and Council took the following vote:

AYES:	Real, Escobar
NOES:	Hurtado, Hodge, Pacheco

Motion did not pass.

Mayor Real made a motion to approve RFP for video, translation and water services. Motion was seconded by Council Member Pacheco and passed by the following vote to wit:

AYES: Real, Pacheco, Escobar, Hodge
NOES: Hurtado

APPOINTMENT BY CITY COUNCIL OF A RESIDENT COMMISSIONER TO THE CALEXICO HOUSING AUTHORITY BOARD.

Motion was made by Council Member Hodge to appoint Emma Rosa Silva as Resident Commissioner to the Calexico Housing Authority. Motion was seconded by Mayor Real and passed by the following vote to wit:

AYES: Real, Hurtado, Escobar, Hodge
NOES: None
ABSENT: None
ABSTAIN: Pacheco

APPOINTMENT BY MAYOR AND COUNCIL MEMBERS TO THE FOLLOWING COMMISSIONS/ BOARDS/COMMITTEES:

- a) **Calexico Police Advisory Board**
- b) **Arts Commission, Library Board, Historical Commission**
- c) **Economic Development Commission and Financial Advisory Commission**
- d) **Planning Commission**
- e) **Parks, Recreation, Beautification, and Senior Services Commission**
- f) **Business Improvement District (BID)**
- g) **Sales Tax Citizen Advisory Committee (Measure H)**
- h) **Abatement of Dangerous Buildings Board of Appeals**

Council Member Escobar appointed Cesar Rodriguez to the Planning Commission. He also suggested combining the Planning Commission with the Abatement of Dangerous Buildings Committee.

Council Member Hodge also stated he strongly believed the Arts Commission should be on its own.

Council Member Pacheco appointed the following:

Police Commission: **Marcos Castillo**

Arts Commission, Library Board, Historical Commission: **Ana Lisa Pacheco**

Planning Commission: **Ulises Cardenas**

Parks, Recreation, Beautification, and Senior Services Commission: **Susana Favela**

Council Member Hodge appointed the following:

Arts Commission, Library Board, Historical Commission: **Luis Delgado**

Mayor Real appointed the following:

Business Improvement District: **Morris Reisin**

FUTURE AGENDA ITEMS

Mayor Pro Tem Hurtado:

1. Review concern from Abelardo Perez and learn about certificate of public convenience.

Council Member Escobar expressed his condolences to Teri Nava who lost her mother and Lorena Minor who lost her sister.

1. Projects in the pipeline, with timeline and costs on a monthly basis.
2. Need to move forward on the Cannabis issue and bring an action item to be considered.
3. Definitely need to become business friendly and changing the attitude of Calexico as a whole and take pride in Calexico.
4. Quarterly Departmental reports beginning in February with an organizational chart.
5. Quarterly Commission reports.
6. Need to come up with a plan to clean the downtown.
7. First proposal to close Rockwood and second proposal to enclose the allies from Paulin to Mary for the arts.
8. Find ways to fill the Finance Director and Human Resources Director positions.
9. Internship program with SDSU.
10. Employee recognitions – Employee of the month award and Employee loyalty award for years of service.

Council Member Hodge:

1. Strongly recommend to create an ad-hoc committee to change the downtown.

Council Member Hurtado left dais at 10:24 p.m.

Mayor Real:

1. Support closing Rockwood Street and taking away the parking meters.
2. Background financials.
3. Fees: Bring back to the Council the possibility of lowering the fees.

CLOSED SESSION

Council re-adjourned to closed session at 10:27 p.m. to continue prior discussions.

Mayor Real left the meeting at 10:55 p.m.

Council reconvened from closed session at 11:47 p.m.

City Attorney reported direction was given. No reportable action was taken.

ADJOURNMENT

There being no further business, meeting was adjourned at 11:48 p.m.

Armando G. Real, Mayor

ATTEST

Gabriela T. Garcia, Deputy City Clerk