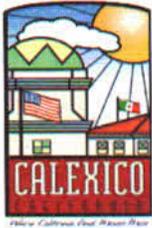


**AGENDA
ITEM**

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AGENDA STAFF REPORT

DATE: June 3, 2020

TO: Mayor and City Council

APPROVED BY: David B Dale, City Manager *UF for D.D.*

PREPARED BY: Karla E. Lobatos, Finance Director *KL*

SUBJECT: Resolution No. 2020 - _____ A Resolution of the City Council of Calexico, CA Approving the Budget for Fiscal Year July 1, 2020 to June 30, 2021.

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Recommendation:

The objective is to present the Fiscal Year 2020-21 Proposed Budget for General and Non-General Fund Programs. Staff is requesting City Council to approve and adopt a final budget for General Fund and Non-General Fund Programs.

Background:

The 2020-21 Citywide proposed budget authorizes expenditures of \$108,740,237. This includes operating expenditures of \$47 million and a capital improvement program of \$61 million.

Discussion & Analysis:

The General Fund budget anticipates a positive fund balance for the first time in five years after retirement of its 2016 inter-fund operating advance. The proposed budget continues to improve the City's financial position and includes a 5-year fund projection as a planning model that shows a path to achieving an 8% (one month) operating reserve over the next five years. General Fund revenues, in particular sales tax revenues, have increased with the completion of street improvements that have improved access to the City and its retail establishments. Sales tax gains early in 2019-20 are partially offsetting virus-related revenue impacts and community sheltering-in-place that bring an uncertain timeline for recovery. The City is fortunate that for now, revenues are conservatively projected to cover current operations and payroll. However, until revenues fully recover to pre-virus levels, the proposed budget defers \$ 493,000 of anticipated revenues and \$1,321,429 of new spending requests submitted by departments for staff, vehicle and equipment replacements, building and park maintenance improvements, and programming at the Library, Recreation and Cultural Arts Center. Revenues will be closely monitored and adjusted during the year to stay current with virus impacts. Finance staff will continue to return to City Council quarterly with updates and to request authorization to proceed with listed new program spending when the community is re-open and revenues have stabilized.

A draft budget resolution recommends that the City Council establish operating reserves for the General Fund and Internal Service Self-Insurance funds at an amount to cover one-month or 8% of annual expenditures. The resolution also recommends continuing the existing operating reserve policies for the Water and Wastewater Funds.

AGENDA

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Coordinated With:

All City Departments.

Attachments:

1. Fiscal Year 2020-21 Proposed Annual Budget.
2. Resolution No. _____ of the City of Calexico approving the Budget for Fiscal Year 2020-21.

RESOLUTION NO. 2020-_____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO
APPROVING THE BUDGET FOR
FISCAL YEAR JULY 1, 2020 TO JUNE 30, 2021**

WHEREAS, the City of Calexico is a general law city that operates under the council-manager form of government; and

WHEREAS, the City Council of the City of Calexico annually adopts a budget that estimates revenues and authorizes expenditures, subject to the City's existing purchasing policies and procedures, employment policies and other adopted city policies;

NOW, THEREFORE, be it resolved, determined, and ordered by the City Council of the City of Calexico:

Section 1. The fiscal year 2020-21 Budget, attached hereto as Exhibit 1, shall be the budget for the City of Calexico for the fiscal year 2020-21.

Section 2. The City Manager, or his duly appointed representative, has the authority to expend appropriated amounts subject to policies and procedures adopted by the City Council. Budget appropriations shall be controlled at the department level within the General Fund, at the fund level for other funds, and at the capital project level within the capital improvement program. The City Manager is authorized to transfer appropriations between accounts within a General Fund Department, and within other individual funds, to meet the operating needs of the City.

Section 3. A General Fund reserve policy was established with the 2018-19 budget and remains in place for the 2020-21 budget. It is the City Council's policy to adopt annual General Fund budgets with an operating surplus of a minimum of \$250,000 per year. It is the intent of this policy to build on this reserve each year until a target of \$1 million has been achieved. This reserve will provide contingency funds in the event of economic or other disruption in City operations.

Section 4. A Water and Wastewater Operating Reserve policy is established with the 2020-21 budget. It is the City Council's policy that both the Water and the Wastewater Enterprise Funds will maintain a \$3 million operating reserve. Water and Wastewater revenues that exceed the amounts needed to maintain this operating reserve will be transferred to the respective Water and Wastewater Capital Funds for investment in their long-term capital improvement programs.

Section 5. A position of Engineering Technician will be added to Water, Wastewater and Capital Improvement Program to support all projects of the City of Calexico.

PASSED, ADOPTED and APPROVED this 3 day of June, 2020, by the City Council of the City of Calexico.

Bill Hodge, Mayor

ATTEST:

Gabriela Garcia, City Clerk

State of California)

Count of Imperial)

City of Calexico)

I, Gabriela T. Garcia, Deputy City Clerk of the City of Calexico do hereby certify the above Resolution No. 2020-_____ was approved at a special City Council meeting held on the 3rd day of June 2020, by the following vote to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Gabriela T. Garcia, City Clerk