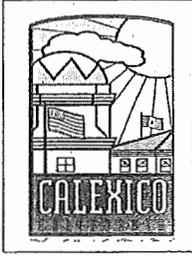


**AGENDA
ITEM
5**



AGENDA STAFF REPORT

DATE: September 19, 2018

TO: Mayor and City Council

APPROVED BY: David B. Dale, City Manager *Kp*

PREPARED BY: Gabriela T. Garcia, Deputy City Clerk *GTG*

SUBJECT: Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of Meetings of June 27, 2018 and July 5, 2018

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Recommendation:

Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of June 27, 2018 and July 5, 2018.

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 June 27, 2018 and July 5, 2018 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 June 27, 2018 and July 5, 2018.



THE CITY COUNCIL/CALEXICO COMMUNITY REDEVELOPMENT AGENCY SUCCESSOR AGENCY/CALEXICO FINANCING AUTHORITY MET IN A CONTINUED SPECIAL MEETING ON THE 27TH DAY OF JUNE, 2018 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.

CLOSED SESSION

CALL TO ORDER

Mayor Hurtado called the meeting to order at 5:43 p.m.

ROLL CALL

PRESENT:

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

PUBLIC COMMENTS:

Sean Acuña, CPOA, stated they have reached a Tentative Agreement. He stated the CPOA has stepped up to the plate and respectfully requested the council does its part and approve their contract, it saves money and is advantageous to the department. He addressed his views on the proposal submitted by the Imperial County Sheriff's Department.

Council adjourned to closed session at 5:47 p.m. to discuss the following:

1. CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6

Agency Representatives: David Dale, City Manager, Carlos Campos, City Attorney
Employee Organizations: Calexico Municipal Employees Association, Fire Fighters Association, Certified Operators Association/SEIU Local 221, Calexico Police Officers Association, Calexico Management Association, Calexico Supervisors Association.

Council reconvened from closed session at 6:25 p.m.

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

REGULAR SESSION AGENDA - 6:30 PM

CALL TO ORDER

Mayor Hurtado called the meeting to order at approximately 6:30 pm.

ROLL CALL**PRESENT:**

Mayor: Maritza Hurtado
Mayor Pro Tem: Lewis Pacheco
Councilmember: Jesus Eduardo Escobar
Councilmember: Bill Hodge
Councilmember: Armando Real

CLOSED SESSION ANNOUNCEMENT

Assistant City Attorney Bob Hargraves announced the Council voted unanimously to accept the offer by the Calexico Police Officers Association on a motion by Council Member Real, seconded by Council Member Escobar. Details of the agreement will be made subsequent to this meeting.

Mayor Hurtado thanked the CPOA for their patience, understanding and cooperation and stated it was a decision was a combination of team effort.

PLEDGE OF ALLEGIANCE

Mr. Javier Moreno led those present in the Pledge of Allegiance.

MISSION STATEMENT PLEDGE

City Manager Dale led those present in reciting the City's Mission Statement.

APPROVAL OF AGENDA

Motioned was made by Council Member Real, seconded by Mayor Pro Tem Pacheco and passed unanimously to approve the agenda as presented.

PRESENTATIONS**PRESENTATION OF WATER/SEWER RATES:**

City Manager Dale addressed the need to change the rate structure because the users should be charged based on usage. He explained those who use less than 30 units of water per month are paying for those who use the full 30 units because they currently pay the same rate of \$100.94. He stated up to 25% of residential customer currently use 10 units of water or less and will pay less or the same with the new rates. Mr. Dale provided example comparison of the current water rates. He stated the City's costs go up every year from 2% to 3% and the rates have not been increased in nine years. He emphasized that the City can only charge rates that cover the costs and the current rates do not encourage conservation. He advised the city's infrastructure is old and deteriorated and needs to be replaced to assure the City continues to provide services. He provided a list of the capital improvements program of which \$17.5 million in improvements needs to be done now. In addition he provided the improvements for the sewer services for a total of approximately \$38 million. He addressed the need for efficiency and stated the need for the rate increase. He stated that if the rates are not increased, there will not be enough resources for the needed improvements and in the next 2-5 years the rates could increase even more.

Mr. Dale provided a comparison for the City of Calipatria who does not own their water service and water is provided by Golden State Water Company, a private company. Calipatria residents pay \$ 169.80 for water per month and this does not include sewer and trash. The proposal by City at this time is at \$ 76.94 for water. He stated that if the rates do not change, the city may have to look at a private water company providing the water system and the rates could increase.

City Manager Dale explained the reason for comparison to other cities and stated that all cities are required to treat water and wastewater to the same strict California standards. He explained the determination on how the rates should change was determined by a professional outside engineering firm who studies the system and prepares the report based on the city's budget and costs to provide services. He further explained that residents can protest the proposed rates and it requires 50% (approximately 4,250) or more of the property owners and the protest must be filed in writing. City Manager Dale provided sample water and sewer monthly bills for residents and commercial customers to show the difference in cost based on consumption. He further stated the City will begin a program to assist the residents with the best ways to conserve water.

City Manager Dale advised the City will be providing training materials in the coming months to assist customers on how to save water and save on their bill. He further stated that we are in a serious drought and conservation goals will become mandatory. He advised that Governor Brown signed two bills into law on May 31, 2018 establishing an indoor per person water use goal of 55 gallons per day with the new standards and oversight required to be in place by 2022.

Council Member Escobar stated he could have gone against the rate increase however, it would be irresponsible of him to oppose the water rate increase when the system is so deteriorated. He also stated that if the change is not made, the increase in the future could be more.

Council took a recess at 7:25 p.m.

Council returned from recess at 7:35 p.m.

Council Member Hodge expressed his understanding for the people's frustration. He stated that if the city does not do something now, it will be worse.

Council Member Real thanked everyone for attending. He explained the water system is old and needs to be updated.

Mayor Hurtado exemplifies herself and neighbor Council Member Hodge's home as to why there needs to be change in the water fees. Her home is smaller and uses less water, while Hodge's is bigger and uses more, but are paying nearly the same fees. She further states many senior citizens among others have come to complain about the unfair water fees.

**ITEM NO. 4 - PRESENTATION, FURTHER DISCUSSION AND POTENTIAL ACTION ON THE PROPOSED WATER AND SEWER RATE STRUCTURE CHANGE
A. ADOPT A RESOLUTION ADOPTING FEES AND CHARGES FOR WATER AND SEWER SERVICE AND MAKING CERTAIN FINDINGS AND TAKING CERTAIN ACTIONS RELATING THERETO.**

After the presentation on the water and sewer rates, Mayor Hurtado opened up the public hearing at 7:41 p.m.

Abigail Lobatos stated she lives in a studio and pays almost double. She suggested seniors should have a discount and opposed the water rate increase.

Victor Rodriguez stated he knows the necessity for a better water plant. He questioned council when they last time they visited the water or sewage plants. He stated his belief that there is a better way to fix the problems over time instead of trying to do it all at once. He asked how much money is actually collected per year because he believed the city should have saved money by this time.

Maria Gerardo stated that many people who are unable to leave their homes are not receiving enough information and thinks the city needs to unite and go to people's homes and inform because many do not know the situations.

Norma Aguilar asked if the IID dropped the square foot price of water from \$78 to \$28. She was informed it was. She asked how much of that is counted into the increase and why the city is comparing Calexico to cities such as Calipatria that are entirely different from each other. She asked how much money has been saved and used by the water department in the last nine years to fix the problems the city has identified. She also asked if there were any restrictions as to the structure of funds being used to repair these issues because the citizens have a lot of suspicions and doubt due to the things that have happened in the last three years. She mentioned Measure H as an example of a lot of money being spent that was not supposed to be spent.

David Dale responded to Ms. Aguilar's questions and stated he used Calipatria as an example of what could happen if a rate change is not made and would possibly force the city to turn to a private water system in which the rates could increase even more. He stated the sewer system has around \$13 million and the water system has around \$9 million and part of the reason they have not had to raise the rates, however, this money will be used this year. He stated the City can do better and will attempt to provide the best service possible.

Joong Kim spoke about the costs paid for water, the use of bonds and promotions and raises to staff which the citizens now have to pay. He spoke about the water usage and how the City Manager only pursues what the Council wants and he is not to blame.

Ismael Lopez stated there is missing information. He stated a breakdown of the rates was not provided. He questioned why there had not been a program implemented in the last 100 years in order to address the issues. He spoke about a ten year maintenance plan which the City has not done. He asked about the money saved and where it went. He asked Council to provide the citizens more information on the matter and that the vote should be up to the citizens of Calexico.

Carmen Santiago, former City employee spoke on the City having to write all expenses and report them. She questioned the savings the City had and recalled the City had saved when she was working.

Leopoldo Rodriguez stated he did not think the change will save people money. He stated he currently pays \$141 and will be paying \$54 more a month. He asked to know where the money went if there was a savings.

Diana Jimenez stated her concern over the comments made and asked where the money went. She stated she wanted to know the money is being used properly. She commended David Dale for his hard work.

Margarita Hernandez requested transparency and more information. She stated her belief that the citizens have been deceived.

Arturo Medina stated he believed a fee for the infrastructure of water distribution is necessary, but that water should not be charged. He stated he pays about \$130 and is scared that with the new fees, it will force him to use less water and will have to let his trees die.

Norma Vega spoke about the millions spent on the water department and stated the money was being mismanaged. She stated she has not seen any developments and has many doubts about how Calexico uses its money and believes that the deficit is not in the water, but in the council.

David Barbera stated the \$59 increase would mean 35% increase in revenue. He questioned why the city needs so much increase. He stated the sewer rates are going up 15% although there is double the need as opposed to the water department. He stated the numbers do not make sense because of the huge average increases.

Leticia Aldana Cota stated she had unanswered questions from last week. She mentioned the council asked for home owners to speak, but the majority of Calexico rents and they have just as much right because they also pay for water. She further stated the council should take into consideration the voice of the citizens and believed it is ridiculous that they did not know the IID decreased the price of water.

Damian stated the presentation was not clear and believed the city is robbing the people.

Mariana Baez stated she has lived in Calexico for thirty-five years and it has gotten worse the last ten years. She understood the infrastructure that needs to be paid and wants the city to find out where the money was spent and who was taking it.

Karen Ramirez argued that if the water is increased, that landlords will want to increase rent as well and asked if the city was going to pay for their rent. She stated a 5% increase would suffice since there is already money reserved.

Isamar questioned what the city tax dollars are used for and stated she thought it was supposed to be used to improve the city streets, building, etc. She stated there are other ways to save money and the city has done nothing for years, it blames past administrations and will keep going that way if nothing is done.

GENERAL COMMENTS BY COUNCIL MEMBERS/RDA MEMBERS

Mayor Pro Tem Pacheco stated Calexico is growing and in the near future, the city will need a more efficient water and sewer system. He further stated nothing has been done to the sewer system in forty years. He thanked the people for their comments.

Council Member Hodge noticed that there is a lot of misunderstanding and misconception. He stated the presentation needs to be redone and make it more straightforward and make the numbers more clear. He suggested creating a citizen oversight committee so that people can give their input and learn about the budget.

Council Member Real iterated that water is a necessity. He spoke on prior tax voted on in October 2015 and stated it was not explained properly. He further stated the money was mismanaged because of the bad administration in the past. He commented on the low turn-out to elections and the wages for water department workers being about \$150,000.

Mayor Pro Tem Pacheco makes a motion to continue discussion on July 5th, 2018 at 6:30 p.m. Council Member Real seconds the motion for discussion. Council Member Real requested a study with more options such as just water consumption, option without a flat fee or the current flat fee for all. Motion passes unanimously.

PUBLIC COMMENTS

Joong Kim requested copies of the June 20th Presentation, the water and budget presentation and copy of document that states he signed for raising the trash fees. He spoke about Council Member Escobar calling him a liar.

Norma Aguilar asked why the funds for the water plant were not used in the past four years. She stated the increases will probably be designated to possibly create a bond issue to pay for the projects in the five-year plan. She cautioned the Council on what happened with the Measure H fund approved in 2010. She recalled that in 2015 the City stopped having meetings and started spending the funds without the committee. She commended David Dale and Miguel Figueroa for not doing what past administrations have done and sited Measure H as the example. She stated the oversight committee is a good idea and wants the public to continue asking questions.

CONSENT AGENDA

Council Member Escobar pulled Item No. 3 for discussion.

Mayor Pro Tem Pacheco motions to approve Item No. 2 - Adopt a Resolution of the City Council of the City of Calexico Establishing the Appropriations Limit for Fiscal Year 2018-19 Pursuant to Article XIII B of the California Constitution of the consent agenda pull Item No. 3 - Adopt a Resolution of the City Council of the City of Calexico Approving the City's Investment Policy including Certain Revisions thereto for discussion. Motion is seconded by Council Member Real and passes unanimously.

ITEM 3: ADOPT A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO APPROVING THE CITY'S INVESTMENT POLICY INCLUDING CERTAIN REVISIONS THERETO.

Council Member Escobar stated he believed there should be a consistent basis on investment and return investments. He further stated there should be a consistent basis on the City's banking relationship and how they can reduce the overhead on the general fund.

Council Member Escobar motions to approve Item 3. Motion was seconded by Council Member Real.

Council Member Real requested explanation on how the investments will be affected. Ms. Lobatos explained that it is an investment policy to set up the limits on how the city is investing its money. It is not establishing any investments, but only setting up a policy.

Motion passed unanimously.

DISCUSSION ON POTENTIAL ACTION ITEMS

Council Member Real made a motion to continue the meeting past 9:30 p.m. Motion was seconded by Mayor Pro Tem Pacheco seconds and passed unanimously.

PRESENTATION AND DISCUSSION ON THE 2018-19 PROPOSED BUDGET FOR GENERAL FUND AND NON-GENERAL FUNDED PROGRAMS.

Karla Lobatos, Finance Director provided a presentation on the 2018-19 General Fund Budget and special projects. She stated the objectives for the evening. She stated the City-wide general fund budget of \$81,613,706 and advised the City has separate fund specifically designated for water and wastewater operations. She stated the City is staying current in updating fees to cover the cost of operations which includes the water increase, the ambulance fees and all other fees charged by the City. She stated each of the City's largest restricted funds have a recent fee study or rate increase such as Water, Wastewater and Solid Waste. She stated the Wastewater Fund includes new Bond Issue for \$26 million for the Treatment Plant Project. Capital Improvement Program has \$89 million for major projects planned over the next 5 years. She stated the stated the City has a capital improvement program for 2018-19 for \$44 million. She stated the city is self-funded and has five self-Insurance programs paid for by the city. She advised that in June 2017 the City reserves covered the June 2017 current claims only, with no reserves to cover future claims and the surplus cash was rebated to general programs funds for 2016-17. She stated the long-term actuarial projected losses are not funded and the new workers compensation and general ledger actuarial reports will come in fall. She stated the claims trend is for a savings however we will not know until the City receives the actuarial report. She stated the 2018-19 Budget reflects annual actuary broker projection, based on last year and again will not know until sometime in September or October. She stated the long-term goal is to maintain reserves at actuary recommendation and if this is not done, the City is at risk of having to pay more than what it has in reserves. Ms. Lobatos states this budget includes new and reclassified positions, however authorization for hiring and promotions is suspended until the City has new general fund budget revenues. She stated the

hiring will be revisited as new revenues are implemented and the general fund demonstrates the capacity to pay for hiring or promotions. She advised that as of 2017-18 the adopted budget, the general fund has 117 employees, under utilities there are 30 employees for a total of 148 employees. She advised there was a mid-year change and utilities had an increase of 7 employees and 1 employee for the general fund for a total of 156 employees. For 2018-19 the city is proposing an increase in the utilities of 11 employees and a decrease in the general fund of four employees for a total of 163 employees for next fiscal year.

Ms. Lobatos provided the general fund budgets of \$ 3.2 million baseline general fund annual deficit. At this point there is a projected \$2.4 million in new revenues and \$1.2 million in additional salary/ operation reductions which will take the City to a \$250,000 new reserve policy. The actions taken as of the June 19, 2018 workshop are the adoption of ambulance fee increases, updated cost projections, removal of additional positions which were cut or reallocated from other funds and have set aside \$220,000 vacancy assumptions for employees and temporary employees. She stated this does not mean people are being laid off, it just means the city is not hiring. With the General Fund balancing plan, the new revenues implemented and the vacancy assumption, the city will have enough funds to achieve a reserve of \$250,000 for the year and balance the budget. She presented the proposed budget revenues identified of \$1.3 million in additional revenues. She stated the current revenues are \$15,427,307, additional new revenues of \$1,385,000 for total of \$16,812,307. Expenditures are at \$16,756,260 with assumed vacancies of minus \$220,000 for a total expenditures of \$16,536,260 and a beginning deficit of \$26,048 which will not give us the target reserve of \$250,000. She provided the general fund trends for the coming year and stated that for the first time in years, if all revenues are received, the city will be able to build up the reserves for the next four years.

She stated Step 1 to continue the past to fiscal recovery the City will finish Annual Repayments to Wastewater Fund. She stated the budget is on track with 2016 work-out plan. She stated the 2018-19 is 3rd of 5-year repayment plan and there is a positive total fund balance project June 2021. She further stated the City requires continued focus on revenue growth and continued focus on budget monitoring and cost control. Step 2 is a budget resolution that includes new policy to rebuild contingency reserve of \$250,000 operating surplus for a four year target of \$1 million which will be only 6%. She stated the long-term target of two to six month operations which will be at about \$4 million. Step 3 is to build a 5-year financial plan to cover growing payments on operating cost obligations such as the Wastewater fund advance, JPIA retrospective charges, CalPERS Unfunded Pension Liability, Retiree Medical Unfunded Liability. She stated the next step is to present a preliminary budget report on October 3, 2018 for 2017-18 and provide the first quarter budget monitoring report and confirm revenues are on track and amend budget as needed.

Council Member Hodge commended the presentation for being clear.

Council Member Real pointed out that Measure H had not met yet on the transfer.

Miguel Figueroa stated that City Manager Dale convened the Measure H committee however, subsequent meetings have not been able to occur.

Council Member Real asked that if Council can approve the budget, if that money is still up in the air. She stated he liked that the numbers in the packet are clear. He stated his concern about the situation of not having reserves and pointed out that the exchange rate may affect the city as well. He stated an issue with businesses like UETA and Baja Duty for not contributing taxes and thought they should be contributing to the community.

Miguel Figueroa stated the City is in an ideal situation to create revenue with projects such as the border expansion project and Cesar Chavez Blvd.

Council Member Escobar commented on using funds from Measure H to balance the general fund and stated Measure H has helped the public safety and felt the half cent sales tax was not meant for this purpose. He spoke on the opportunity to tax online purchase, parking issues and stated he is opposed to the meters however is a proponent of the two hour limit. He discusses the downtown parking system and the possibility for a better system for a more consistent revenue source. He also suggested other revenue sources such as charging for alarms. Chief Gerardo stated those charges will not create as much revenue as it should and the cost is more than what the City collects. The City is working on the rate study for the alarm ordinance.

Council Member Escobar questioned how many ambulances were in service. He was advised it was the current level of service of one ambulance. He addressed charges police department administration expenses and stated the need to be careful with the numbers with the naming of the position of Officer Gerardo since it is an expensive position. He asked if the finance department was at a correct staffing level. Ms. Lobatos stated she felt they were at the correct staffing level.

Mayor Hurtado asked for the expectations to keep of Ms. Meyers' position. Ms. Lobatos stated Ms. Meyers is stepping back and will not be returning until July and will be helping with the year-end close.

Council Member Escobar expressed his concern on the annual operating results with a negative \$1.3 million dollars. He asked if the \$1.6 million would cover the deficit and leave the City with a \$250,000 rainy day fund. Ms. Lobatos advised him this was correct. He clarified the City is not in the hole for \$1.3 million and will be \$250,000 in the positive.

Mayor Pro Tem Pacheco asked if the City needs to look at the rates at the airport.

Council Member Real asked if P.O. Boxes could be a point of sale for additional revenue. He asked if their consulting company could assist with tax revenue. He stated Calexico needs to be on par with other cities in terms of being business friendly and further stated T.O.T tax needs to be reviewed.

Mayor Hurtado asked about enforcement such as business violations and revenue collection. She stated there is only one code enforcement officer and thought another is needed. She stated the City needs to be business friendly, but also have a certain tolerance in terms of violations. She attributed the way downtown looks to business violations.

Mayor Pro Tem Pacheco asked David Dale to look into water trucks cleaning the sidewalks because of the smell of urine.

Council Member Real added that he is fine with job title changes, but is not okay with raises because of the budget and fiscal problems.

PUBLIC COMMENTS

Joong Kim spoke about California tax. He stated he thought revenue should be made from business tax and saving money. He stated he would like to see a lower impact fee for home owners because the impact fees are very expensive and home owners need benefits.

Leticia Aldana Cota commented a bond issue on the report and expressed concern with the \$25 million treatment plant project. She stated her disappointment with City Manager Dale's comments on Measure H. She spoke on lawsuit from the school district regarding Measure H. She questioned the point of oversight committees if the city is not going to take them into consideration and once again stated her disappointment because she thought the city was going to be more transparent. She also questioned if the City was checking the taxing of the taxi companies.

David Romero stated he was surprised that no vote has been made on the financing committee and stated taxing the taxis would be a good idea.

Norma Aguilar questioned a reimbursement from police and fire on the budget. She stated monies were expended without permission. She thought the council had made decisions after hours when people have left the meetings.

Mayor Hurtado stated the council has tried to stay consistent and that in order for them to move on with the budget that they will need to consult their attorney.

Council Member Real stated the Measure H committee needs to be taken into account to make sure that the Measure H situation does not happen again.

Council Member Real asks it was legal to make a motion could be made to approve the budget contingent on the Measure H approving the item on the \$ 1.2 million. Assistant City Attorney Hargreaves stated the budget is a projection and it can be approved with contingent upon approval of the Measure H item, however, the funds cannot be spent until the city has gone through the appropriate process. Mr. Hargreaves stated the Council could approve the budget with the caveat that the Measure H item be approved. If Measure H did not approve, the funding would be removed in a budget revision.

ADOPT A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO APPROVING THE BUDGET FOR THE FISCAL YEAR FROM JULY 1, 2018 TO JUNE 30, 2019.

Council Member Real motioned to approve budget as is with a caveat on approval by Measure H item being approved. Council Member Escobar seconds motion and passes unanimously.

ADJOURNMENT

Motion was made by Council Member Real, seconded by Council Member Escobar and passed unanimously to adjourn the meeting at 10:55 p.m.

Maritza Hurtado, Mayor

ATTEST:

Gabriela T. Garcia, Deputy City Clerk

THE CITY COUNCIL/CALEXICO COMMUNITY REDEVELOPMENT AGENCY SUCCESSOR AGENCY/CALEXICO FINANCING AUTHORITY MET IN A CONTINUED SPECIAL MEETING ON THE 5TH DAY OF JULY, 2018 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 Hurtado called the meeting to order at 6:35 p.m.

ATTENDANCE:

Mayor: Maritza Hurtado
Mayor Pro Tem: Lewis Pacheco
Council Member: Bill Hodge

ABSENT:

Council Member: Jesus Eduardo Escobar
Council Member: Armando Real
Council Member Real arrived at 7:05 p.m.

PLEDGE OF ALLEGIANCE

Javier Moreno led those present in the Pledge of Allegiance.

MISSION STATEMENT PLEDGE

City Manager Dale led those present in the Pledge of Allegiance.

INVOCATION

Pastor Isai Quiñones, New Life Assembly Church led those present in prayer for the well-being of the community.

APPROVAL OF AGENDA

Motion was made by Mayor Pro Tem Pacheco, seconded by Council Member Hodge to approve the agenda as presented. Motion passed by the following vote to wit:

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

PRESENTATION

PRESENTATION BY DAVID DALE, CITY MANAGER ON UPDATE OF THE CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEAR 2017-18 AND FISCAL YEAR 2018-19.

City Manager David Dale provided an update on the Capital Improvement Program projects completed for Fiscal Year 2017-18 and Fiscal Year 2018-19 for Water Distribution System, Wastewater Treatment Plant and Wastewater Collection System. He stated there is a THM Analyzer project pending and reprogrammed for FY 2018-19. He advised the wastewater treatment plant projects for the boiler replacement and heat exchanger were cancelled due to better and more efficient technologies and is currently working on the master plan which will show these projects are not needed. He advised the lift station replacement and rehabilitation was reprogrammed for 2018-19.

City Manager Dale advised of a sewer lift station replacement being replaced by Government Services Administration with the construction for the new port of entry. He provided the 2017-18 and 2018-19 completed projects for Transportation consisting of the New River Parkway Project, Downtown Improvement Project, Street Overlay Projects, Bicycle Master Plan Project, Second Street Bridge Widening Project and Cesar Chavez Blvd. Widening Project. He presented the completed Parks Capital Improvement which include the Cortez and Cordova Parks Improvement Projects. He advised the bids for Joel Reisin Park, with funding from the IID, came in over budget so the City is looking for alternatives to get the lighting installed. He advised the baseball parks at Cordova parks are under design and hope to complete within this fiscal year. He presented the 2018-19 Capital Improvement Projects for The Water Treatment Plant consisting of the Eastside Storage Tank, Water Pipeline Replacements and Eastside Storage Tank Pipeline, the Wastewater Distribution System Projects consisting of the Plant Improvement Design and Improvements, the Wastewater collection System Projects consisting of Sewer Lift Station # 9 and #11, Sewer Manhole/Collection System Rehabilitation, CDTV Inside Sewer Collection System, Wastewater Collection System Master Plan, Transportation System Projects consisting of the New River Parkway Project, Downtown Improvement Project, Street Overlay Project, De Las Flores Street Improvements, Second Street Bridge Widening, Article 3 and 8E Bike/Pedestrian/Bus Shelter Projects and the widening of Cesar Chavez Blvd which will alleviate the traffic along Imperial Avenue. He stated this project has bid and should be awarded in a couple of weeks and go into construction in a couple of months. City Manager Dale advised these projects are all through a grant or with Measure D funds.

Council Member Real arrived to the meeting at 7:05 p.m.

PUBLIC COMMENTS:

Ricardo Servin, 818 Dool Avenue spoke regarding his problem with Farrow cats and other small animals on his property.

Alex Perrone expressed his concerns on water rates. He stated he spoke with Mr. Dale who explained the water rates and understood the benefits. He spoke about the reduction to 1,000 cu. ft. from the current 3,000 cu. ft. and expressed concerns for persons experiencing the increase and asked the council to look at the cu. ft. reduction. He requested to see the department head input on the rate increase and for Council not to go to the community every time the city needs money.

James Beaver invited the Council and general public to event recognizing Senator Ben Hueso and Mayor Hurtado on July 11, 2018 at 1:30 p.m. in Council Chambers.

Joong Kim spoke on the profit made by the City which was usually \$5 million profit every year. He addressed high salaries within the City of Calexico and addressed the city budget.

Arturo Medina stated the water increase is difficult for his monthly costs. He commented on the cu. ft. change and requested the formula used to arrive at the cost. He stated with this clarification, maybe the citizens could approve the increase.

Mayor Hurtado stated it is important to recognize that Mr. Dale came to the city as the Public Works Director with over twenty years' experience. She spoke about the trust in his knowledge and his emphasis on the need for infrastructure improvements as well as the hiring of a firm to conduct a study for the increase.

REORGANIZATION

CITY COUNCIL REORGANIZATION:

APPOINTMENT OF MAYOR/CHAIRPERSON OF THE CITY OF CLEXICO/ CALEXICO COMMUNITY REDEVELOPMENT AGENCY SUCCESSOR AGENCY FOR THE FISCAL YEAR 2018-2019.

Motion was made by Council Member Real to appoint Mayor Pro Tem Pacheco as Mayor for Fiscal Year 2018-19. Mayor Pro Tem Pacheco accepted the nomination. Motion was seconded by Council Member Hodge and passed by the following vote to wit:

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

APPOINTMENT OF MAYOR PRO TEM/VICE-CHAIRPERSON OF THE CITY OF CALEXICO/CALEXICO COMMUNITY REDEVELOPMENT AGENCY SUCCESSOR AGENCY FOR THE FISCAL YEAR 2018-2019.

Motion was made by Council Member Hodge to appoint Council Member Escobar as Mayor Pro Tem for Fiscal Year 2018-19. Motion was seconded by Council Member Real and passed by the following vote to wit:

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

COMMENTS BY OUTGOING MAYOR AND MAYOR PRO TEM

Mayor Pacheco thanked the Council for their vote of confidence. He recognized his wife Ana Lisa and his family members for being present. He spoke on the revenues lacking and staffing being down and stated the City is serving as best they can. He further stated the City has a balanced budget but only if the City passes rates for water and sewer. Mayor quoted Franklin Delano Roosevelt who said "When you come to the end of the rope, tie a knot and hang on" He stated

the City has been hanging on for almost three years and he asked that challenges be faced straight on with open dialogue, open minds in order to make decisions for our vibrant City.

CONSENT AGENDA

Motion was made by Council Member Hurtado, seconded by Council Member Hodge to approve the consent agenda consisting of the following: Warrants from May 26, 2018 to June 8, 2018 and City Salaries from May 26, 2018 to June 8, 2018; Warrants from June 9, 2018 to June 22, 2018 and City Salaries from June 9, 2018 to June 22, 2018. Motion passed by the following vote to wit:

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

PRESENTATION, FURTHER DISCUSSION AND POTENTIAL ACTION ON THE PROPOSED WATER AND SEWER RATE STRUCTURE CHANGE. A. ADOPT A RESOLUTION ADOPTING FEES AND CHARGES FOR WATER AND SEWER AND MAKING CERTAIN FINDINGS AND TAKING CERTAIN ACTIONS RELATING THERETO

Mayor Pacheco opened the public hearing at 7:32 p.m.

Leopoldo Rodriguez spoke in opposition of the water rate increase and addressed details on increase for his water bill.

Rafael Acosta stated the citizens are not responsible for past errors and cautioned the council on repeating the same.

Norma Vega asked about the capital improvements projects presented and addressed the funds spent and questioned if the funds were spent correctly. She addressed the water rates and stated they should be for the life of the infrastructure and not for the now. She requested that all programs for the city be for long-time maintenance.

Elijio Alvarez requested the balance for the general fund and the water and sewer funds. City Manager advised there was \$9 million in water and \$11 million in sewer. Mr. Alvarez stated there is \$27 million in the funds the council wants to use for general fund and it is illegal. He questioned why the city wants to raise the water and sewer to increase the general fund when it cannot be used for that purpose. Mr. Alvarez spoke in opposition of the water and sewer rate increase.

Victor Rodriguez spoke on comments made by the City Manager and agreed with the changes to be made, however felt they cannot all be made at one time and should be programmed. He spoke about the tank on the east side which was built due to the water pressure on the east side of town. He spoke on the treatment of one gallon of water.

Karla Ibarra asked about the example given on the senior apartment complex bill and requested to know which complex was being a discussed. She spoke on the senior citizen complexes and how

the tenants do not pay a water bill and the savings will go to the company and not the tenant. She spoke in favor of those people who cannot afford to pay for the increase.

Jesus Ruvalcaba spoke on the effects the rate increase will have on his property. He spoke on the burden to the majority of the residents in Calexico. He stated the council members are elected to serve the public and should be working in the best interest of the citizens and managing the funds in a transparent manner. He spoke about the public being aware of the situation and asked they speak with their neighbors so they may be present in these proceedings.

Dr. Leticia Aldana Cota asked about the \$25 million bond for repairs at the water treatment plant. She asked how the increase could be justified when the City is adding a \$25 million bond. She stated she is waiting for the information and hoped that the increase of the rates would be withheld until everyone is informed.

City Manager Dale stated that in 2007 the city identified that the wastewater treatment plant had to be replaced in its entirety and it moved forward with the plans and but did not move forward with the wastewater treatment plant. He stated the City has a report that states the wastewater treatment plant has to be replaced at a cost of \$32 million. He stated the City only has \$11 million for the replacement and in order to complete the project, there is a need for an \$18 million dollar bond.

Mayor Pacheco closed the public hearing at 8:01 p.m.

Clerk read a statement stating the necessary protest votes were not received and the council may proceed to a vote.

Council Member Real thanked everyone for attending the meetings. He spoke about the reduction to employee wages and proposed the council members also take the reduction including to take away the medical insurance. He stated the current council in confronting actions taken by prior council's and requested a study to make the charges for water equitable. He advised the cost to the people is to provide the service and the components that make up the cost to provide the service. He requested a way to impact the citizens the least possible. He stated the general fund cannot be co-mingled with the water and sewer funds and suggested a committee of the people to review future increases to the rates. He also suggested the rates be carried out in a period of 15-20 years and that improvements be made in phases so the impact to the citizens is not as great.

Council Member Bill Hodge stated he mostly agreed with Council Member Real and addressed water conservation by the residents. He stated the City needs the revenues for the repairs and if the rates are not raised and the repairs are not made, then it will be worse and the administration will be forced to implement a rate increase. He stated his concern for the families and asked the public for their help and understanding.

Council Member Real asked City Manager Dale about the water rate study and stated the firm only offered one option and requested additional options. City Manager Dale David stated the options are to stay with existing rates or change to the current rates presented for which people would pay based on consumption.

Council Member Real stated he felt that instead of fixing the entire plant in five years, that the repairs could be made in 15-20 years and requested the firm provide options for a 15 year term.

Mayor Pacheco requested clarification from City Attorney on action to be taken. City Attorney Campos stated there is a recommendation on the agenda and should council wish to take a different direction then council needs to figure out the direction and how to get to it.

Motion was made by Council Member Hurtado to approve a resolution adopting fees and charges for water and sewer and making certain findings and taking certain actions relating thereto. Motion died due to lack of second.

Mayor Pacheco requested additional options for the next 10-12 years with increments to build up the infrastructure. Mr. Dale advised there are complex components to the wastewater treatment plant and if one of those components fails, the City will end up in the violation zone. Council Member Real asked how the important issues could be addressed first. City Manager Dale stated the entire wastewater treatment plant technology needs to be changed and it is one project. Mayor Pacheco stated the City will work on a plan in order to make changes little by little.

Assistant City Manager Figueroa suggested the Economic Development and Financial Advisory Commission could undertake the task to review options on behalf of the community. Mayor Pacheco stated the city could utilize the Economic Development and Financial Advisory Commission to look into options.

Mayor Pacheco thanked the people for coming forth with their concerns.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:25 p.m.

Lewis Pacheco, Mayor

ATTEST:

Gabriela T. Garcia, Deputy City Clerk