

AGENDA

ITEM

14



AGENDA STAFF REPORT

DATE: June 23, 2021

TO: Mayor and City Council

APPROVED BY: Miguel Figueroa, City Manager *MF*

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

SUBJECT: Adopt a Resolution No. 2021-_____. A Resolution of City Council of Calexico, CA Approving the Budget Fiscal Year July 1, 2021 to June 30, 2022.

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Recommendation:

It is recommended that the City Council adopt a resolution to approve the budget for the upcoming fiscal year July 1, 2021 to June 30, 2022.

Background:

A proposed 2020-21 budget of \$143 million was introduced to City Council on June 3, 2021.

The General Fund (unrestricted) budget of \$16 million is a status quo, break-even budget that sustains existing staffing and services levels within projected revenues. The General Fund budget assumes that revenues will shortly return to pre-covid levels. A 5-year General Fund projection shows how the City can sustain its services and maintain an operating reserve into the future, while absorbing increasing pension and retiree medical obligations, with an assumption of steady new revenue growth.

The proposed Capital Improvement Program invests \$100 million into street, parks, and water/wastewater projects to maintain and improve the City's infrastructure. Bonds, grants, and development fees provide funding for the proposed capital program.

Following the proposed budget presentation, budget hearings with individual departments were held on June 8 and June 9, 2021 to provide an opportunity for the City Council and the public to hear more details about the City's programs, the department expenditures, and additional but unfunded department budget requests. After five years of very lean budgets, while the City paid down debt and rebuilt its operating reserves, City departments have accumulated a significant list of desired operating budget additions (\$3 million General Fund, \$1 million other Funds) that could help deliver and improve important services to the community. Unfortunately, these requests exceed the currently available City revenues. A listing of these deferred (unfunded) department requests are detailed in Attachment 1 to this report. The City Council will have opportunities to revisit this list as it monitors revenues trends during scheduled quarterly budget updates throughout the year.

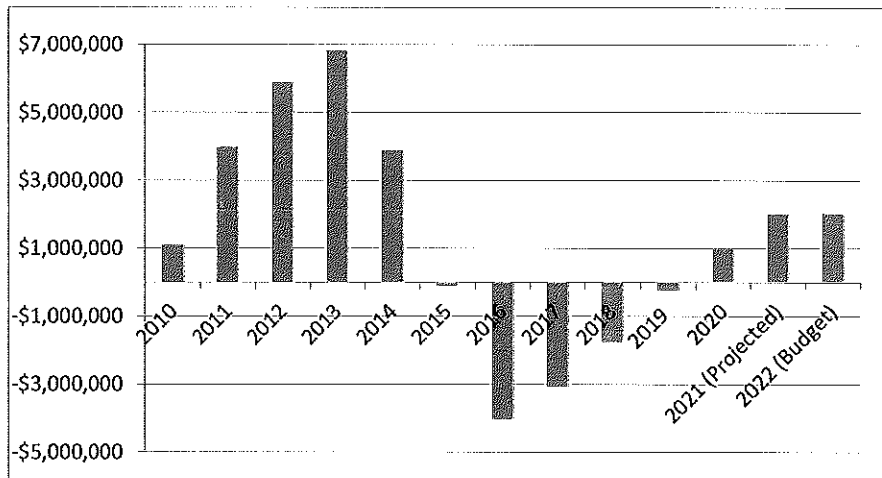
On June 15, 2021, the Economic Development/Financial Advisory Commission met to provide an opportunity for further discussion and input on the proposed budget and 5-year General Fund financial plan. The Economic Development Advisory Commission recommended City Council consider approving a status quo General Fund Budget as recommended by City Administration.

AGENDA
ITEM
<u>14</u>

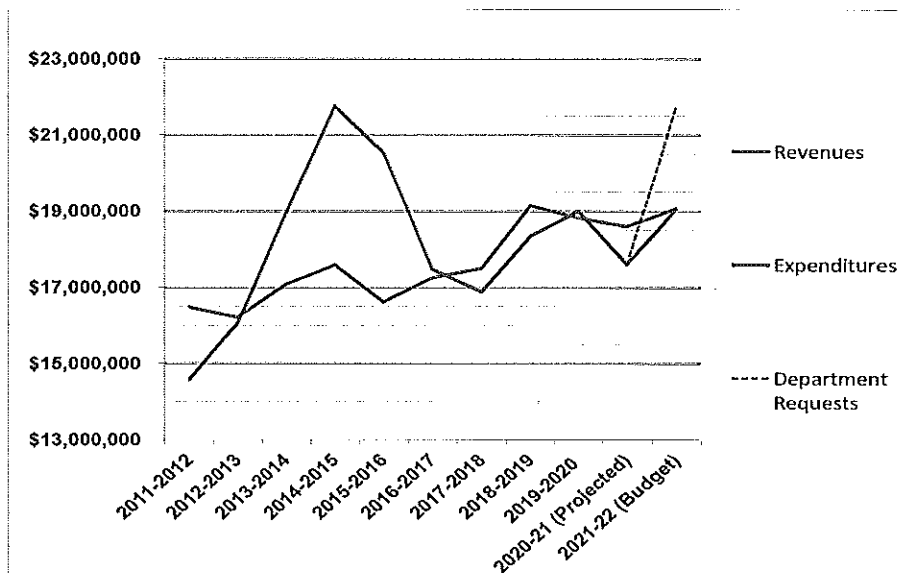
Discussion & Analysis:

The City has completed a difficult 5-year work-out plan and has rebuilt its fund balance to a projected \$1 million/8% reserve as of June 2021. If/when one-time Federal Covid relief becomes available to backfill the City's lost Covid tax revenues, this reserve is projected to grow to \$2 million. While this demonstrates important progress, the City's reserve levels are still below industry standards and below the reserves held by the city in the last decade. While each City department has valid requests for new/expanded budget expenditure authority to respond to community service delivery expectations, at this time the City Council has provided feedback that it is important not to add or make expenditure commitments that jump ahead of our demonstrated current General Fund revenue cash flow. For these reasons a status quo General Fund budget is recommended at this time. Should revenues exceed expectations in the 5-year plan, the budget can be amended to provide for corresponding new service levels.

**General Fund Operating Reserve Trend
(Includes Measure H)**



**General Fund Revenue/Expenditure Trend
(Includes Measure H)**



#237 Road Maintenance Rehabilitation Fund

One update is recommended to the proposed budget to conform with a separate action recently approved by City Council. The State of California provides allocations for road maintenance through its Road Maintenance Rehabilitation (RMRA) program. On June 3, 2021, the City Council approved an expenditure plan for this program that added \$700,000 in operating funds for aggregate/asphalt material and related services to support street repairs, ADA curb repairs, and pot hole patches. With this addition, the annual City-wide budget increases to \$144 million.

Coordinated With:

All City Departments.

Attachments:

Resolution

Exhibit 1 to Resolution

Attachment 1

Summary of Citywide Expenditures by Fund

Summary of Deferred Department Budget Requests

RESOLUTION NO. 2021-_____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO APPROVING
THE BUDGET FOR FISCAL YEAR JULY 1, 2021 TO JUNE 30, 2022**

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 2021-22 Budget, attached hereto as Exhibit 1, shall be the budget for the City of Calexico for the fiscal year 2021-22.

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 and Internal Service Fund Operating Reserve Policy was established in the 2020-21 budget and continues with the 2021-22 budget. It is the City Council's policy to maintain a one-month reserve equal to 8% of annual operating expenditures. This reserve will provide contingency funds in the event of economic or other disruption in City operations. If one-time Federal Covid relief for lost General Fund revenues becomes available, the target General Fund reserve will increase from 8% to 12% (1 ½ months of annual operating expenditures).

Section 4. A Water and Wastewater Operating Reserve policy was established in the 2019-20 budget and continues with the 2021-22 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.

PASSED, ADOPTED and APPROVED this ___ day of June, 2021, by the City Council of the City of Calexico.

Rosie Arreola Fernandez, 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. 2021-_____ was approved at a regular City Council meeting held on the __th day of June, 2021, by the following vote to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Gabriela T. Garcia, City Clerk



EXHIBIT 1 to Budget Resolution

City of Calexico
2021-22 Budget

City-wide Expenditures
Summary of Expenditures by Fund

		2020-21		2021-22				
		Gross Projection Including Transfers	Salaries/ Benefits	Other Operations	Capital Projects	Debt Service	Inter-fund Transfers	Total
General Fund								
111	General Fund	\$ 15,342,046	\$ 13,207,506	\$ 3,558,986	\$ -	\$ 44,356	\$ -	\$ 16,810,849
120	Measure H Sales Tax	2,725,000	1,250,000	-	-	-	1,850,000	3,100,000
Operating Grant Funds								
221	Library Grants	37,321	-	33,635	-	-	-	33,635
222	Community Donations	140,081	-	140,081	-	-	-	140,081
231	Gas Tax	1,820,284	633,370	836,830	-	-	-	1,470,200
242	Prop 172/Public Safety Tax	240,000	250,000	-	-	-	-	250,000
243	COPS State Grant Program	140,000	150,000	-	-	-	-	150,000
255	FEMA/Disaster Recovery	1,532,150	-	-	642,635	-	-	642,635
256	Cannabis/Applicant Reimburse	10,000	-	5,000	-	-	-	5,000
281	Solid Waste	2,236,200	-	2,488,674	-	-	-	2,488,674
299	Operating Grants	6,824,931	-	-	-	-	-	-
712	Business Imp District	2,500	-	37,500	-	-	-	37,500
Housing Funds								
802	Successor Housing	68,500	-	1,976,500	-	-	-	1,976,500
813	Fed Home Grant	-	-	500,000	-	-	-	500,000
840	Fed COBG - Program Income	6,000	-	6,000	541,507	-	-	547,507
841	Fed Home - Program Income	5,000	-	605,000	-	-	-	605,000
842/3	Local Funds	101,500	-	1,500	-	-	-	1,500
846	CalHome - Program Income	1,000	-	51,000	-	-	-	51,000
Capital Project and Debt Service Funds								
223	Art in Public Places	-	-	-	103,000	-	-	103,000
233	LTA/Measure D	204,000	-	150,000	3,132,750	-	-	3,282,750
234/6	Transportation Development	56,008	14,000	11,000	496,000	-	-	521,000
237	Road Maintenance Rehab	41,000	-	700,000	685,000	-	-	1,385,000
401	Measure H Bond Proceeds	3,327,776	-	-	3,197,177	-	-	3,197,177
402	Measure D Bond Proceeds	5,013,000	-	-	2,800,000	-	-	2,800,000
411	Local Capital Projects	-	-	-	2,894,330	-	100,000	2,994,330
412	Capital Grants	502,000	-	-	8,349,186	-	-	8,349,186
430-6	Development Impact Fees	226,826	-	-	2,236,944	-	-	2,236,944
452-64	Development Projects	-	-	-	2,509,457	-	-	2,509,457
474-6	New River Projects	345,500	-	-	28,473,500	-	-	28,473,500
301/2	Measure D Debt Service	1,798,650	-	5,700	-	1,787,850	-	1,793,550
310	Measure H Debt Service	1,000,200	-	4,200	-	995,400	-	999,600
Enterprise Funds								
513	Water Operations	7,931,000	3,242,873	2,875,598	-	-	2,262,529	8,381,000
514	Water Debt Service	27,567,329	-	3,500	-	871,326	-	874,826
515	Water Development Fees	45,202	-	-	-	-	-	-
516	Water Capital Program	2,701,200	-	-	14,062,000	-	-	14,062,000
522	Airport Operations	298,564	95,427	359,400	-	-	-	454,827
525	Airport Capital	2,000	-	-	3,649,430	-	-	3,649,430
544	Wastewater Operations	5,950,000	1,933,309	2,202,647	-	-	1,934,044	6,070,000
545	Wastewater Debt Service	25,909,328	-	3,500	-	1,182,111	-	1,185,611
546	Wastewater Impact Fees	35,376	-	-	-	-	-	-
547	Wastewater Capital	903,500	-	-	26,191,560	-	-	26,191,560
CFD/Special Districts								
261	Bravo Victoria	761,839	-	145,000	322,062	-	-	467,062
903	Hearthstone	890,253	-	177,951	-	644,963	-	822,914
906	Gran Plaza	542,250	-	37,322	-	645,581	-	682,903
Internal Service Funds								
601/2	Active and Retire Medical	3,716,300	-	4,874,150	-	-	-	4,874,150
603	Workers Compensation	1,038,000	-	1,394,000	-	-	-	1,394,000
604	Unemployment Insurance	37,500	-	57,168	-	-	-	57,168
605	General Liability Insurance	695,400	-	900,000	-	-	-	900,000
601-5	Net Internal Charges	(5,487,200)	-	(7,225,318)	-	-	-	(7,225,318)
Total		\$ 117,285,314	\$ 20,776,485	\$ 16,916,526	\$ 100,286,538	\$ 6,171,588	\$ 6,146,573	\$ 150,297,709
Net (Excluding Transfers)		\$ 61,143,839			\$ 144,151,136			



City of Calexico
2021-22 Budget

Deferred Department Budget Requests
Contingent Upon Post-Virus Revenue Recovery

			Quantity	Unit Cost	Total Cost	Deferrals
General Fund						
Police						
	<u>Staff</u>					
	111-20-210-51000-000	Dispatch	4	77,540	\$ 310,160	
	111-20-210-51000-000	Police Officer	2	95,586	191,172	\$ 501,332
	<u>Operation Expenses</u>					
	111-20-210-53001-000	Materials & Supplies	1	3,500	3,500	
	111-20-210-53011-000	Vehicle parts and equipment	1	10,000	10,000	
	111-20-210-54001-000	Equip Repairs & Maintenance	1	10,000	10,000	
	111-20-210-54010-000	Building Maintenance	1	10,000	10,000	
	111-20-210-55023-000	Outside Legal Counsel	1	7,000	7,000	
	111-20-216-55015-000	Temporary Staffing	1	30,000	30,000	
	111-20-210-55505-000	Travel, conferences & meetings	1	5,000	5,000	
	111-20-210-55506-000	Training	1	5,000	5,000	80,500
	<u>Capital Outlay</u>					
	111-20-210-56014-000	Machinery & equipment	1	5,600	5,600	
	111-20-210-56016-000	Capital Outlay Vehicles - Moved to Covid Relief Fund (pending eligibility rules)		317,000	317,000	
	111-20-217-56000-000	Capital Outlay - Moved to Local Capital Fund (pending Water Tower Sale)	1	82,000	82,000	404,600
						986,432
Fire						
	<u>Staff</u>					
	111-20-250-51000-000	Firefighters	4	108,890	435,559	
	111-20-250-51000-000	Firefighters/Engineer	2	125,544	251,087	686,646
	<u>Operation Expenses</u>					
	111-25-250-53011-000	Vehicle parts and equipment	1	16,200	16,200	
	111-25-250-54001-000	Equip Repairs & Maintenance	1	20,000	20,000	
	111-25-250-54011-000	Grounds Maintenance	1	1,500	1,500	
	111-25-250-54013-000	Office Equipment Maintenance	1	1,500	1,500	
	111-25-250-55010-000	Intergov Admin Fees & Chgs	1	10,000	10,000	
	111-25-250-55015-000	Temporary Staffing	1	7,000	7,000	
	111-25-250-55017-000	Advertising	1	500	500	
	111-25-250-55020-000	Community Promotion	1	1,500	1,500	
	111-25-250-55024-000	Ambulance Billing Service	1	28,325	28,325	
	111-25-250-55501-000	Membership Dues	1	2,500	2,500	
	111-25-250-55505-000	Travel, conferences & meetings	1	2,500	2,500	
	111-25-250-55506-000	Training	1	2,500	2,500	94,025
	<u>Capital Outlay</u>					
		Moved to Covid Relief Fund (pending grant eligibility rules)				
	111-25-250-56000-000	Capital Outlay	1	174,635	174,635	
	111-25-250-56014-000	Machinery & equipment	1	80,000	80,000	
	111-25-250-56016-000	Vehicles	1	65,000	65,000	319,635
						1,100,306
Community Development						
	<u>Operation Expenses</u>					
	111-30-310-55001-000	Professional Services- Planning	1	3,000	3,000	
	111-30-310-55001-001	Professional Services-Cannabis	1	2,000	2,000	
	111-30-320-55001-000	Professional Services - Engineering	1	25,000	25,000	
	111-30-330-55001-000	Professional Services - Building	1	5,000	5,000	35,000

Continued



**Deferred Department Budget Requests
Contingent Upon Post-Virus Revenue Recovery**

		<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Deferrals</u>
Continued					
Public Works					
<u>Administration</u>					
<u>Materials and Supplies</u>					
	111-40-410-53001-000	Material & supplies	1	15,000	15,000
<u>Fleet</u>					
<u>Materials and Supplies</u>					
	111-40-414-53001-000	Material & supplies	1	15,000	15,000
<u>Parks</u>					
<u>Staff</u>					
	111-40-416-51000-000	Laborers	4	65,248	260,992
<u>Operation Expenses</u>					
	111-40-416-53001-000	Materials & Supplies	1	1,500	1,500
	111-40-416-53010-000	Uniforms Cleaning/Maintenance	1	1,500	1,500
	111-40-416-54017-000	Park Maintenance	1	20,000	20,000
	111-40-416-55015-000	Temporary Staffing	1	3,000	3,000
<u>Facilities</u>					
<u>Staff</u>					
	111-40-416-51000-000	Laborers	2	82,207	164,414
<u>Operation Expenses</u>					
	111-40-421-54010-000	Building Maintenance	1	1,000	1,000
	111-40-421-54011-000	Ground Maintenance	1	250	250
	111-40-421-54012-000	Lighting Maintenance	1	1,500	1,500
					484,156
Library					
<u>Staff</u>					
	111-50-510-51000-000	Library Assistant	1	69,832	69,832
	111-50-510-51000-000	Reference Librarian	1	92,704	92,704
	111-50-510-51000-000	Custodian	1	69,832	69,832
<u>Operation Expenses</u>					
	111-50-510-53019-000	Books, maps and publications	1	2,500	2,500
	111-50-510-53030-000	Cleaning supplies	1	1,500	1,500
	111-50-510-55015-000	Temporary Staffing	1	10,000	10,000
					14,000
					246,368
Recreation					
<u>Staff</u>					
	111-50-520-51000-000	Custodian	1	71,412	71,412
<u>Operation Expenses</u>					
	111-50-520-55015-000	Temporary Staffing	1	22,500	22,500
	111-50-520-54001-000	Janitorial	1	800	800
<u>Carmen Durazo Cultural Arts Center</u>					
	111-50-525-55015-000	Temporary Staffing	1	17,000	17,000
					17,000
					111,712
Housing					
<u>Operation Expenses</u>					
	111-60-601-55001-000	Professional Services	1	5,000	5,000
	111-60-601-55015-000	Temporary Staffing	1	2,000	2,000
	111-60-601-55505-000	Travel, conferences & meetings	1	384	384
					7,384

Continued



**Deferred Department Budget Requests
Contingent Upon Post-Virus Revenue Recovery**

		<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Deferrals</u>
Continued					
Administration					
<u>Operation Expenses</u>					
111-10-110-53013-000	Vehicle Fuel & Oil	1	1,005	1,005	
111-10-110-54010-000	Building Maintenance	1	3,000	3,000	
111-10-140-55011-000	Attorney fees & retainers	1	10,000	10,000	
111-10-150-55015-000	Temporary Staffing	1	10,000	10,000	
111-10-150-55501-000	Membership Dues	1	2,500	2,500	
111-10-150-55505-000	Travel, conferences & meetings	1	2,500	2,500	29,005
Finance					
<u>Staff</u>					
111-50-510-51000-000	Accounting FTE	1	85,870	85,870	
<u>Operation Expenses</u>					
111-10-160-55001-000	Professional Services	1	6,500	6,500	
111-10-160-55015-000	Temporary Staffing	1	3,500	3,500	
111-10-162-55015-000	Temporary Staffing	1	2,000	2,000	97,870
Non Departmental					
<u>Operation Expenses</u>					
111-10-180-55010-000	Intergov Admin Fees & Chgs	1	5,000	5,000	
111-10-180-55500-000	Administration/Office Costs	1	5,000	5,000	
111-10-180-55501-000	Membership Dues	1	1,050	1,050	11,050
Subtotal, General Fund					3,109,284
Gas Tax					
<u>Staff</u>					
231-40-413-51000-000	Laborer	4	97,252	389,006	389,006
Airport					
<u>Staff</u>					
522-83-830-51000-000	Fuel Lineman (PT)	3	39,010	117,030	
<u>Operation Expenses</u>					
522-83-830-55015-000	Contract & Prof Services	1	(75,000)	(75,000)	42,030
Water					
<u>Staff</u>					
513-81-814-51000-000	Operator/Sewer Lead	1	126,265	126,265	
513-81-814-51000-000	Operator Grade 1	1	91,975	91,975	
513-81-814-51000-000	Heavy Equipment Operator	1	79,578	79,578	297,818
Wastewater					
<u>Staff</u>					
544-82-824-51000-0010	Operator Grade 3	1	104,016	104,016	
544-82-824-51000-0010	Maintenance Operator	1	85,734	85,734	
544-82-824-51000-0010	Heavy Equipment Operator	1	79,580	79,580	269,330
Subtotal, Enterprise Funds					998,184
Total, All Funds					\$ 4,107,469