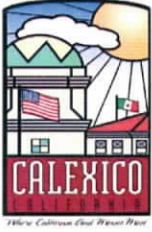


**AGENDA  
ITEM**

**4**



# AGENDA STAFF REPORT

**DATE:** June 22, 2023  
**TO:** Mayor and City Council  
**APPROVED BY:** Esperanza Colio Warren, City Manager *[Signature]*  
**PREPARED BY:** Sandra L. Fonseca, Interim Finance Director *[Signature]*  
**SUBJECT:** Annual Budget Resolution for Fiscal Year July 1, 2023 to June 30, 2024

**Recommendation:**

It is recommended that the City Council consider a resolution to adopt the 2023-24 Annual Budget.

**Background:**

The City Council received a presentation on the 2023-24 Proposed Budget on June 15, 2023. During the presentation, City Council members provided feedback and suggested updates to the Proposed Budget. This report transmits a Revised Proposed Budget that incorporates the following updates to the ARPA Fund #255 Budget:

Items Added to Fund #255 ARPA Project List #91-927 City Equipment and One-time Items

Police	1 Admin Car at \$75,000 (\$60,000+\$15,000 Equip)	\$	75,000
Police	Police Equipment		63,704
Police	Police Gear		39,825
Police	Firearms/Ammunition		42,902
Engineering	Computer/supplies		5,500
Fleet	Vehicle and Equipment		65,000
Parks	Lawn Mowers		30,000
Recreation	Computer Replacement/Upgrading		10,000
Recreation	Community Center Ceiling Panels Replacement		20,000
Recreation	Arts Center Stage Lighting		15,000
			<u>366,931</u>

Items Removed from Fund #255 ARPA Project List #91-907 and #91-908

Police	Ford Explorer Patrol Vehicles	(292,000)
Police	Pickup Truck Patrol Vehicle	(91,048)
Downtown	Local Assessment Center Asylum Seekers	(20,000)
		<u>(403,048)</u>

Increased Fund #255 ARPA Allocation #91-908

Downtown	36,117
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Net Fund #255 ARPA Changes -

**Attachments:**

1. Resolution
2. Exhibit 1 to the Resolution
3. Attachment A - Fiscal Year 2023-24 Revised Proposed Annual Budget

**AGENDA**

**ITEM**

**4**



**RESOLUTION NO. 2023-\_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO APPROVING THE BUDGET FOR FISCAL YEAR JULY 1, 2023 TO JUNE 30, 2024**

**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; and

**WHEREAS**, the City Council of the City of Calexico received a presentation on the 2023-24 Proposed Budget and provided feedback and requested updates at a meeting on June 15, 2023;

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

**Section 1. Expenditure Authority**

The fiscal year 2023-24 Budget, attached hereto as Exhibit 1, shall be the budget for the City of Calexico for the fiscal year 2023-24. The City Manager, or their duly appointed representative, has the authority to expend appropriated amounts subject to policies and procedures adopted by the City Council.

**Section 2. Budgetary Control Levels**

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. The City Manager is also authorized to carry-over any unspent capital project or grant appropriations to the following fiscal year until the projects are complete.

**Section 3. Authorized Staffing**

The City Manager, or their duly appointed representative, is authorized to fill staff positions as listed in the full-time staff position chart in the budget.

**Section 4. Fund Balance Reserve Policies**

The City's Fund Balance Reserve Policies are updated as follows to provide contingency funds in the event of economic or other disruption in City operations.

#### A. General and Measure H Funds

It will be the City Council's policy to target a fund balance reserve for the combined General Fund and Measure H Funds that follows the Best Practices established by the Government Finance Officers Association (September 2015) equal to 60 days (16%) of General Fund operations.

Over the next five years, it will be the City Council's policy to further build and delineate the combined General Fund and Measure H Fund reserve as follows:

- a. Working Capital Reserve  
16% of Annual Expenditures (60 Days of operations)

The Working Capital Reserve provides a General Fund cash balance to cover anticipated cash flow requirements to sustain payroll and other operating payments during the collection period for General Fund tax and fee revenue collections, including the 2-month collection period for Sales Tax revenue from the State of California and up to 5-month Property Tax revenue collection period from the County of Imperial.

- b. Emergency Reserve  
10% of General Fund Sales Tax (8 Days of operations)

The Emergency Reserve will be targeted and built over the next 5 years by the continued phase in of the Measure H policy to reserve 10% of annual Measure H revenues (Adopted September 2011, Resolution # 2011-99).

#### B. Street Maintenance Funds (Gas Tax and RMMA Funds)

The Fund Balance Reserve will be 8% of Annual Expenditures (30 Days of operations).

#### C. Capital Reserve (Local Capital Fund)

The Fund Balance Reserve will be \$250,000.

#### D. Water and Wastewater Enterprise Funds

Current: \$3,000,000 Operating Fund Balance Reserve

With Next User Rate Update: The Operating Fund Balance reserve will be 50% of Operating Expenditures.

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.

E. Airport Enterprise Fund

The Fund Balance Reserve will be 8% of Annual Expenditures (30 Days of operations)

F. Internal Service Funds (Active and Retiree Medical, Workers Compensation, Unemployment, and General Liability Programs)

The Fund Balance Reserve will be 8% of Annual Expenditures (30 Days of operations)

The Workers Compensation and General Liability Claim Reserves will be accrued at the Actuarial 70% confidence level.

G. Unfunded Liabilities

Unfunded retiree medical (OPEB) liabilities will be amortized over 30 years through annual contributions to an OPEB Section 115 Trust.

Unfunded employee compensated absence liabilities (accrued vacation and other leave balance payable upon separation) will be funded from one-time sources or annual year-end operating surplus as available.

Fund Balance Reserves may be drawn at City Council direction to fund one-time or other unplanned expenditure requirements. Reserves that are drawn or otherwise fall below policy targets will be replenished by adjusting revenues and/or expenditures to cause operating surpluses during the subsequent three annual budget cycles.

**Section 5. User Fee Policy**

To ensure that City fees and rates are sufficient to pay for the costs of providing services, an annual report will be provided to City Council with a listing of user fees, the schedule for fee and rate study updates, and the status of fee updates and adjustments.

**Section 6. Spanish Translation Policy**

To facilitate public participation in the budget process, key portions of the annual budget and quarterly budget presentations will have Spanish translation.

**Section 7. Current Financial Information Policy**

To ensure that budget actions are based upon current financial information, the agenda reports proposing annual budget adoption and quarterly budget updates will include information about the status of the City's annual audited financial statements, general ledger analysis, and bank reconciliations.

**Section 8.** 2022-23 Budget Update

The 2022-23 Budget is updated to reflect the following current projections and program requirements. The net General Fund impact of the proposed adjustments is positive, and offsets a drop in Measure H sales tax results. The June 30, 2023 combined General Fund/Measure H Fund Balance continues to be projected to exceed the 60-day Fund Balance reserve policy.

**A. General Fund Revenues**

\$19,039,815	Current Budget
50,000	Sales Tax
61,000	Business License/Cannabis Taxes
17,000	Franchise Fees
(30,000)	Program Revenues – Police
18,800	Program Revenues – Fire
<u>(100,000)</u>	Program Revenues – Planning, Engineering, Building
\$19,062,215	Adjusted Budget

**B. General Fund Expenditures**

\$19,012,815	Current Budget
(114,000)	Grant Reimbursements
<u>(41,433)</u>	Other Operating Costs
\$18,857,381	Adjusted Budget

**C. Measure H Revenues**

\$ 3,600,000	Current Budget
<u>(152,000)</u>	Measure H Sales Tax
\$ 3,448,000	Adjusted Budget

**PASSED, ADOPTED and APPROVED** this \_\_\_ day of June, 2023, by the City Council of the City of Calexico.

\_\_\_\_\_  
Raul Urena, Mayor

**ATTEST:**

\_\_\_\_\_  
Gabriela Garcia, City Clerk



EXHIBIT 1 to Resolution

City of Calexico  
2023-24 Budget

City-wide Expenditures  
Summary of Expenditures by Fund

	2022-23		2023-24					Total
	Gross Projection Including Transfers	Salaries/ Benefits	Other Operations	Capital/ One Time Items	Debt Service	Inter-fund Transfers		
<b>General Fund</b>								
111 General Fund	\$ 18,857,381	\$ 15,105,487	\$ 4,509,486	\$ -	\$ 11,000	\$ -	\$ 19,625,973	
120 Measure H Sales Tax	3,408,044	1,250,000	35,000	-	-	2,123,044	3,408,044	
<b>Operating Grant Funds</b>								
221 Library Grants	60,266	-	54,353	-	-	-	54,353	
222 Community Donations	64,928	-	33,390	-	-	-	33,390	
231 Gas Tax	1,103,495	495,792	588,370	-	-	-	1,084,162	
237 Road Maintenance Rehab	532,586	500,000	470,000	1,540,063	-	-	2,510,063	
241 Asset Seizure/Forfeiture	-	-	-	42,773	-	-	42,773	
242 Prop 172/Public Safety Tax	260,000	260,000	-	-	-	-	260,000	
243 COPS State Grant Program	150,000	150,000	50,000	-	-	-	200,000	
245 HIDTA	-	89,000	-	-	-	-	89,000	
246 Stonegarden	17,000	17,000	-	86,000	-	-	103,000	
256 Cannabis/Applicant Reimburse	10,000	-	10,000	-	-	-	10,000	
258 National Opioid Settlement Fund	-	-	-	-	-	-	-	
281 Solid Waste	2,570,735	200,215	2,758,625	-	-	-	2,958,840	
299 Operating Grants	320,033	15,000	144,085	-	-	-	159,085	
712 Business Imp District	-	-	-	15,000	-	-	15,000	
<b>Housing Funds</b>								
802 Successor Housing	88,500	-	100,000	-	-	-	100,000	
840 Fed CDBG - Program Income	6,000	-	6,000	-	-	-	6,000	
841 Fed Home - Program Income	5,500	-	5,500	-	-	-	5,500	
842/3 Local Funds	1,500	-	61,500	-	-	-	61,500	
846 CalHome - Program Income	1,000	-	1,000	-	-	-	1,000	
<b>Capital Project and Debt Service Funds</b>								
223 Art in Public Places	4,500	-	-	88,300	-	-	88,300	
233 LTA/Measure D	221,203	-	150,000	10,079,342	-	-	10,229,342	
234/6 Transportation Development	44,165	23,881	11,000	182,000	-	-	216,881	
255 FEMA/Disaster Recovery/ARPA	673,495	-	-	7,623,958	-	-	7,623,958	
402 Measure D Bond Proceeds	-	-	-	2,705,000	-	-	2,705,000	
411 Local Capital Projects	1,000,278	-	-	1,100,000	-	-	1,100,000	
412 Capital Grants	983,199	-	-	10,348,024	-	-	10,348,024	
430-6 Development Impact Fees	16,852	-	-	3,143,950	-	-	3,143,950	
452-64 Development Projects	-	-	-	2,963,457	-	-	2,963,457	
474-6 New River Projects	775,000	-	-	45,755,047	-	-	45,755,047	
310 Measure H Debt Service	998,000	-	4,400	-	996,600	-	1,001,000	
<b>Enterprise Funds</b>								
513 Water Operations	8,268,108	4,021,473	3,074,092	-	-	1,448,137	8,543,701	
514 Water Debt Service	873,326	-	4,000	-	831,401	-	835,401	
515 Water Development Fees	427,325	-	-	-	-	-	-	
516 Water Capital Program	28,398	-	-	15,134,500	-	-	15,134,500	
522 Airport Operations	392,964	194,296	219,522	-	-	-	413,818	
525 Airport Capital	4,212,565	-	-	150,000	-	-	150,000	
544 Wastewater Operations	6,117,181	2,375,661	2,344,047	-	-	1,611,574	6,331,282	
545 Wastewater Debt Service	1,184,411	-	4,000	-	1,162,137	-	1,166,137	
546 Wastewater Impact Fees	347,205	-	-	-	-	-	-	
547 Wastewater Capital	317,638	-	-	44,691,500	-	-	44,691,500	
<b>CFD/Special Districts</b>								
261 Bravo Victoria	157,012	-	145,000	740,000	-	-	885,000	
903 Hearthstone	839,617	-	204,600	-	810,000	-	1,014,600	
906 Gran Plaza	679,031	-	31,890	-	504,506	-	536,396	
<b>Internal Service Funds</b>								
601/2 Active and Retire Medical	5,457,000	5,557,327	-	-	-	-	5,557,327	
603 Workers Compensation	1,324,000	1,452,000	-	-	-	-	1,452,000	
604 Unemployment Insurance	62,271	69,314	-	-	-	-	69,314	
605 General Liability Insurance	901,902	1,134,000	-	-	-	-	1,134,000	
607 Compensated Absence Reserve	-	-	-	-	-	-	-	
601-5 Net Internal Charges	(7,745,173)	(8,212,641)	-	-	-	-	(8,212,641)	
<b>Total</b>	<b>\$ 56,018,440</b>	<b>\$ 24,697,805</b>	<b>\$ 15,019,860</b>	<b>\$ 146,388,914</b>	<b>\$ 4,315,644</b>	<b>\$ 5,182,755</b>	<b>\$ 195,604,978</b>	
<b>Net (Excluding Transfers)</b>	<b>\$ 49,872,694</b>	<b>Net Citywide Budget</b>		<b>\$ 190,422,223</b>		<b>-</b>		