

THE CALEXICO CITY COUNCIL/CALEXICO REDEVELOPMENT SUCCESSOR AGENCY/ CALEXICO FINANCING AUTHORITY MET IN REGULAR SESSION ON THE 7TH DAY OF JUNE, 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

Mayor Armando G. Real called the meeting to order at 5:38 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

CLOSED SESSION AGENDA – 5:30 P.M

PUBLIC COMMENTS

Mayor Real stated that public comments are limited to 3 minutes, but there were no comments from the public.

ADJOURN TO CLOSED SESSION

Council adjourned into closed session at 5:39 p.m. to discuss the following:

1. CONFERENCE WITH LABOR NEGOTIATORS

Agency Representatives: Armando Villa, City Manager, Carlos Campos, City Attorney
Employee Organizations: Fire Fighters Association, Certified Operators Association/SEIU Local 221 (Govt. Code Section 54957.6).

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of Litigation, Pursuant to Government Code Section 54956.9(d)(4)
One (1) potential case

3. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant Exposure to Litigation, Pursuant to Government Code Section 54956.9(d)(2)/(e)(1)
One (1) potential case

Council reconvened from closed session at 6:37 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 regular session portion of the agenda at 6:37 p.m.

ATTENDANCE

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

PLEDGE OF ALLEGIANCE

Mayor Real called on Chief Gomez to lead those present in the Pledge of Allegiance.

After the Pledge of Allegiance, Mayor Real called on Pastor Frank Zazueta from the Christ Community Church / Calexico Campus to lead an invocation.

CLOSED SESSION ANNOUNCEMENTS

Interim City Attorney, Carlos Campos, stated the three closes sessions items were discussed, direction was given, and no reportable actions was taken.

APPROVAL OF AGENDA

Interim City Attorney, Carlos Campos, approached Mayor Real stating there was one request to move Item 8 under Presentations to Item 4 because Mr. Miguel Figueroa needed to catch a flight.

Mayor Real made a motion to approve the Agenda with moving item 8 from presentations to Item 4:

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

Maritza Hurtado's vote was not recorded as she stepped away from the dais at the time of the motion. She returned to her seat at 6:43 p.m.

PRESENTATIONS**CITY OF CALEXICO INTERNSHIP PROGRAM THROUGH IV WORKFORCE DEVELOPMENT CENTER AND SDSU IMPERIAL VALLEY CAMPUS**

Mayor Real introduced the presentation on the City of Calexico Piloting Internship Program through IV Workforce Development Center and SDSU Imperial Valley Campus.

City Manager, Armando Villa, explained how this Internship program presents a very significant step and win for the City, the Workforce Development Center, and for San Diego State University students. He then introduced the Workforce Development Director: Miguel Figueroa.

Mr. Figueroa thanked the City Manager for giving him the opportunity to speak before the council. He also thanked Mayor Real for approving to move his presentation to the top of the Agenda. He stated that he and his staff always try to find ways to do more for the valley. He mentioned that the Workforce has over 80,000 clients who walk through their career centers every year. However, he said that there are still populations that require their services. Mr. Figueroa mentioned that this is their due diligence: to make the best use possible of those resources provided by the Department of Labor. As a county department, he stated, one of their responsibilities is to look out for what the local government needs. Mr. Figueroa stated that it is for this reason that they decided to team up with San Diego State University; he identified Dean Ponce in the audience who represents San Diego State University for this meeting. Mr. Figueroa stated that it is important to identify what it is that the City needs to provide resources that can help the city improve. This can be done in a threefold approach: having their education partners, having the Workforce Development Office for the County, and then having those who require the service.

Mr. Figueroa shared that the City of Calexico is the first city to be part of this project. He explained that this project was formed by selecting 8 students from San Diego State University to serve through a paid internship for the City. Mr. Figueroa also stated that initially each student was designated a certain number of hours, but were later extended to 200 hours per participant. This extension in hours was due to positive feedback proving that the investment in this project was being put to good use. Mr. Figueroa said that he spoke with San Diego State University and staff at the City Manager's office in the city of Calexico where they shared that they have seen the benefits of the investment they have made. He shared that this project has proven to be worth investing in, and that it is for this reason that this project will now expand to other cities such as Imperial, El Centro, and Brawley. Lastly, Mr. Figueroa shared that the project is soon to end in the city, but thanked everyone in the council for being the first ones to believe in them and in this project by partnering with them.

Mr. Figueroa introduced Ms. Priscila Flores who is his Administrative Manager at the Department of Workforce Development Office. Ms. Flores shared her perspective on the project. She mentioned that they have been receiving positive feedback from both the students involved in this project and the City. She stated that this is great project because it gives the students

experience that is invaluable for their resume. Ms. Flores pointed out that some students involved in this internship program that were part of the audience for this meeting: Eileen Corcoles, Yamil Flores, and Juan Pablo Favela. Mayor Real thanked two more students involved in this project for their dedication: Isela Calderon and Yareli Rivera. Ms. Flores thanked the City and San Diego State University for their input and the help they have given in putting the project together.

City Manager, Armando Villa, shared that the SDSU students involved in this project were very good; he stated that they were very energetic and they always expressed interest in learning how the city runs and interacting with the public. Mr. Villa said that he believes that this is a win-win program for the City, for San Diego State, and for the Workforce Development. Mr. Villa shared that he is glad that this program will expand to other cities because this program is equipped with future professionals from San Diego State University who have learned soft skills that will make them great working people when they get their diploma. Mr. Villa repeated that this is very good program, and thanked San Diego State University and the Workforce Development for allowing them to be the first city of the valley to be part of this program.

PRESENTATION BY DISTRICT ATTORNEY'S OFFICE REGARDING OBLIGATION PER CIVIL CODE SECTION 52.6 TO POST PUBLIC NOTICES FOR VICTIMS OF HUMAN TRAFFICKING

Jody Miller from the District Attorney's Office introduced herself and stated that one of the crimes that they prosecute is human trafficking. She explained that due to the Imperial Valley's geographic location, it makes it easier to hide and move victims within and through the county making it difficult for law enforcement to locate and identify potential victims. She explained that because of the previous reason, the California Legislature has passed a law stating that certain businesses are required to post notices regarding human trafficking and informing the public and victims of phone numbers that they can call for help. She stated that they have already identified the businesses in Calexico that fall under said statute. Also, she said that they will be sending them letters informing them of their obligation stated by the law passed by the California Legislature; she mentioned that this will happen soon. Jody Miller thanked the council for their time, and asked them to please refer anyone who might have any questions to their office.

PROCLAMATION FOR WORLD ELDER ABUSE AWARENESS DAY – JUNE 15, 2017.

Mayor Real and Council Members Hodge, Hurtado, Pacheco, and Escobar read the proclamation for World Elder Abuse Awareness Day. Mayor real concluded with the following words: "*now; therefore, be it proclaimed that the city of Calexico does hereby proclaim June 2017 as Elder and Dependent Abuse Awareness Month in the city of Calexico.*"

Carla Flores from the Imperial County area agency on aging introduced herself and thanked Mayor Real for quickly accepting her email and for declaring the proclamation for Elder Abuse Awareness Month for the month of June. Also, she encouraged everybody to wear purple on the 15th of June because that is the day they are going to be saluting and honoring all the victims of

abuse. She stated that in her department they investigate elder abuse and long-term care facilities; she said that in the year 2015 alone, they closed statewide almost 46,000 cases only on skilled nursing facilities. Once again, she encouraged everyone to promote and wear purple on the 15th of June. Ms. Flores thanked everyone in the council and those present in the audience.

Mayor Real asked Ms. Flores if the City of Calexico has still the largest senior population, and Ms. Flores affirmed that, in fact, Calexico is the city with the largest senior population. Council Member Maritza Hurtado told Ms. Flores that she makes a lot of referrals to the Area Agency on Aging, which is a county agency, because she comes across a lot of issues that the elderly population in Calexico require. Councilwoman Hurtado mentioned that she also has assisted individuals to make sure they contact this agency because they provide free legal services to certain senior citizens. Ms. Flores affirmed that the Area Agency on Aging does provide services for seniors over the age of 60; she said that these services are free of charge, no income requirements. Council member Maritza Hurtado thanked Ms. Flores for her work.

PRESENTATION BY DEAN GREGORIO PONCE REGARDING SDSU-IV CAMPUS ACTIVITIES

Mr. Ponce introduced himself stating that he is currently the Dean for San Diego State University, Imperial Valley Campus, and presented his work of experience in front of the council. He said that now as Dean of San Diego State University he has the interest to try to reestablish lines of communication with cities all over the Imperial County because they are a university to help meet the needs of the Imperial County. He said that he believes that the economic development of the Imperial County is tied closely to the University and to the degrees that they can provide. Dean Gregorio Ponce said that we would leave his business card and give the council a handout that highlights what the university has been doing in Fall 2016. Also, Dean Ponce stated that the University's biggest majors are Criminal Justice, Liberal Studies, Psychology, and Nursing, but he said that they are looking to expand their program offerings. He mentioned that the most common degree that he is asked to bring to San Diego State University-Imperial Valley Campus is the Business major. He said that he will be working with San Diego State main campus to try to see how they can bring the Business major to this campus. Dean Ponce; also, mentioned that he will look for the support that he will need from the city's public private agencies to make this happen because bringing new programs is very expensive. He mentioned that San Diego State has about 1,000 students, and that he is concerned about that because there should be around 3,000 students in this campus by now. Dean Gregorio Ponce welcomed the Council to meet with him to talk about the future and how they can better meet their needs.

Council member, Jesus Eduardo Escobar, asked Dean Ponce if there are any plans to bring Engineering degrees to the valley. Dean Ponce answered that Engineering is the second most common major that he is asked to bring to the Imperial Valley. He said that Engineering majors in general are very expensive because of the equipment, but stated that, right now, they are in the process of bringing an engineering major on sustainable energy which, he stated, ties into the current priorities that the Imperial County is doing. Also, he said that, in fact, Engineering is

another major on the radar because he recognized that the economic development of this valley relies on what can be produced.

Council member, Bill Hodge, approached Dean Ponce and said that he appreciates his vision, and asked if the University ever had Public Administration as part of the major offerings. Dean Ponce said that the University does have Public Administration as part of its major offering, and that it is, in fact, the fourth largest major and that he recently hired two new Public Administration professors that will be starting in August; Dean Ponce mentioned that he hopes to bring back the Master's in Public Administration now that he was faculty.

Mayor Real congratulated Dean Ponce on his new job and handed a Certificate of Appreciation for San Diego State University. Dean Ponce thanked the Council for the opportunity to speak with them in this meeting.

PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF CALEXICO DECLARING JUNE 2017 AS RESPONSIBLE FATHERHOOD MONTH

Mayor Real and Council members read the Proclamation of the City Council of the City of Calexico declaring June 2017 as Responsible Fatherhood Month.

Mayor Real proclaimed the entire month of June, 2017 to be declared Responsible Fatherhood Month in the City of Calexico and; therefore, have all those in the city join the celebration by extending their knowledge, support, and participation in activities that promote responsible fatherhood and knowledgeable fathers for their contributions to children, families, and society.

PUBLIC COMMENTS AND PUBLIC APPEARANCES

Jesse Garcia who lives on 600 Lincoln Street, Calexico, CA, 92231, mentioned that this is the third time he comes to speak with the council regarding Rodriguez Park. He stated that the park needs lighting on the playgrounds; there is only one on Pierce Avenue and one on Lincoln Street. He mentioned that no action has been taken. He stated that his neighbors say that they need lights in the parks because it gets dark at night and they cannot be at the park with their children or family for security and safety purposes. He hopes the City is not waiting for something bad to happen to act on this public matter. Mayor Real asked Mr. Garcia if this problem is because the lights are out or because the City needs to add more lights. Mr. Garcia replied that the park does not have any lights. Council members advised Mayor Real to consider this matter. Moreover, Mr. Garcia mentioned that the bathrooms at Rodriguez Park have been out of service for quite some time now. He also pointed out that there is a homeless person living there at the park near the playgrounds; and expressed that he is worried about the children's safety. Mr. Garcia noted that there is an area of the park that is drying, and he asked the Council to add more sprinklers to irrigate that section of the park. He also noted that there are no sweepers passing by his neighborhood. Council member Hodge said that the sweepers were out of service, but they are repaired now, but what is needed is man power; he said that they need to find their manpower,

but that they'll probably try to hopefully get streets swept again. Mr. Garcia thanked the Council and said that he hopes action will be taken this time.

Francisco Andrade stated that he created the Imperial County cannabis coalition; he said that this program is formed by a group of people who are very interested in the cannabis plant, and said that the reason for his appearance in front of the board is to present the County and City's issues regarding permits for deliveries. Mr. Andrade mentioned that, in this county, there are 21,000 home residents who voted to legalize cannabis, but he mentioned that this county did not pass it. Also, Mr. Andrade mentioned that he is drafting a resolution to present to the council to see what is in the process before January 2018. He stated that he is eager to support his city and said that if revenue comes through, he would like to support the Fire Department because 20% of revenue goes to law enforcement and 60% goes to education. Furthermore, Mr. Andrade shared that he would like to benefit the Fire Department to have a long-term solution for it. Lastly, Mr. Andrade thanked the city council for the time and attention during his presentation.

County Supervisor John Renison expressed that he is very happy because the city, the county, and the IID are getting very close to drafting a final MOU on the new river improvement project. He mentioned that they will have meetings every two weeks, and that on June 8, 2017 at 2:00 p.m. they will have a conference call to share an update with the state to discuss the newer improvement project. He reiterated that he is happy because all three entities are on board with a financial commitment for the Operation and Management of this project, and he shared that the IID and the county have committed to keep on supporting this project financially: \$2,000 to \$50,000 each for the duration of either 10 or 20 years; they're trying to get clarifications on that not to exceed \$50,000 a year. Supervisor Renison mentioned that the City will have the 110th anniversary coming up, and mentioned that it is going to be a historic time; he mentioned he was the Mayor for the 100th anniversary and shared the great social and financial performance and accomplishments that the City had during that year of 2007. Supervisor Renison stated that the Council could think about appointing a committee for the 110th anniversary. Lastly, Supervisor Renison congratulated the County Workforce Development, San Diego State University, and himself as well because he helped with the interns, and mentioned that these interns are fantastic. Mr. John Renison thanked the Council for their time.

Joong Kim congratulated the City of Calexico for working together with local students to bring them opportunities for employment. He would like to see this kind of program spread to the whole county to help train the youth of the community to be prepared for the future. Mr. Kim then commented that while he tries not to say negative things, the City's budget is questionable.

Mr. Kim stated that the City does not know how to spend and save money; that's why we are in trouble. We are lagging in community service. Where we used to have one employee handling duties, we now have 4 or 5 employees. Clearly we either don't have capable employees or we are top heavy. He also referred to the budget cut stating that the City targets low salary employees. He stated that the City Council needs to take wiser actions. Mr. Kim thanked the City Council for their time.

Chavelita Wong approached the City Council regarding senior transportation. She asked the Council who oversees the regulation of transportation for the elderly. She commented that transportation has become worse than previous years. She mentioned that other elders at the community center share the same view on senior transportation. She said that, to get the services, she must call a week or two prior to her appointments. Mrs. Wong is worried because there are seniors who, unlike her, are not capable of being self-sufficient. She mentioned that before more seniors would go to the Community Center, but now, because of the bad transportation services, the number of seniors attending has decreased.

Mayor Real approached Mrs. Wong asking her the schedules in which all seniors get together at the Community Center. Mrs. Wong answered that people start arriving at the dining area at around 10:30 a.m. She took the opportunity to address that before, the transportation services were more accessible and convenient.

Council member Hodge mentioned that he will carry out his responsibility in bringing up to ICTC this current issue brought to the Council by Mrs. Wong.

CITY COUNCIL COMMENTS AND REPORTS OF MEETINGS ATTENDED

Mayor Real introduced the City Council comments.

Council member Escobar mentioned that he attended a Calexico rotary meeting and Mr. Finell gave a presentation; he loved the presentation because it provided information on a new project that will take place directly to the south west of the current location. Council member Escobar mentioned that they are going to build a soccer facility that would include 16 soccer fields: 13 full size and 3 mini soccer fields. He stated that this project is for the entire Imperial County, and that they do not have the funding for this project yet, but they expect to get the money required for this project within a year or two. Council member Escobar stated that this project will be a financial economic stream because tournaments held in these soccer fields bring about 15 to 25 thousand people from various counties.

Council member Escobar also reported that he attended a Calibaja Board Meeting; he said that Calibaja is a mega region to which the five counties or five cities municipalities in Mexico, Baja California are part of: Mexicali, Tecate, Tijuana, Rosarito, Ensenada, as well as the county of Imperial and the County of San Diego. He mentioned that the goal is to market the entire region to the world.

Council member Hodge reported that he had the honor of being appointed from the council on ICTC, and said that from ICTC he asked if he could be a part of *SCAG* and sit on the Community Economic Human Development Committee. He mentioned that the last meeting was interesting because they mentioned that there are two sources of money that the City could work with. He mentioned he has literature on these two sources and that he will give these to the City Manager.

Council member Escobar stated that there are multiple properties in Calexico that are extremely dilapidated. He mentioned that it is extremely disappointing, from a city perspective, to drive

through these places. He said that the City should find a solution so that they can have these areas and facilities cleaned.

Council member Hodge commended the City Manager and Public Works for cleaning the entrance of the City because the City is looking good and he looks forward to seeing it completed.

Council member Pacheco mentioned that he attended a Chamber meeting in which they reported that the Mariachi Festival was a success. Also, Council member Pacheco said that he attended a League of Cities in which everybody had the chance to toast with their fellow County members.

Council member Pacheco expressed that he is glad to see that the City has implemented work on Fifth Street and Rockwood Avenue, and Highway 98; he said that Calexico is looking like a vibrant city again in trying to get things fixed and getting the roadways repaired.

Mayor Pro Tem Hurtado mentioned that there is a lot of activity taking place in Calexico, and that it is excellent that the City is working on improving its streets. However, she stated that she has one concern in regards to the construction is public safety around these construction sites: signage and traffic control. She said that these construction agencies should understand that the safety of the citizens is important, and that all these city improvements are happening all at once.

Mayor Real thanked the City Manager, San Diego State, and the County for the program they implemented in the City with these selected students. Mayor Real said that he always attends San Diego State graduations and thinks about what percentage of those 300 or so students stay in the valley; he shared that it might possibly be less than 10%. He expressed that it is important to try to keep those young educated Future Leaders in the valley. Mayor Real thanked all three entities, once again, for putting together this great project.

Mayor Real mentioned that the City should do something regarding streets sweepers because it is something very important of the city's residents.

Mayor Real also reported that he has toured some of the parks in the City, and noticed that, in fact, some of the lights are out, but said that it is an IID issue not a City issue. However, Mayor Real stated that there must be collaboration from Public Works people and the City.

Mayor Real mentioned that Vincent Memorial is having some issues with Rodriguez field as far as the baseball program; they have been asking Council members to be able to use that part for practice. Mayor Real stated that hopefully they can be able to help them with their program.

Mayor Real said that he wants to let the City citizens to know that the City has work being done: sidewalks and street constructions. Mayor Real said that citizens should bear with the city because all these works being done all around Calexico will be beneficial for everybody.

CITY MANAGER'S REPORT City Manager Villa mentioned that he is aware that there is a lot of construction going on in every segment of the city, and he asked the public to be very

patient with the inconvenience created by the Federal Government, the State, and the City. He said that all these improvements will be beneficial: the new international port of entry and brand new streets. City Manager Villa reported that they are going to continue to work on Public Works all year-round as the City begins to roll out the Capital Improvement Program.

City Manager, Armando Villa, introduced the new contract city engineer David Dale. Armando Villa mentioned that Mr. Dale is becoming a very valuable member of their team. Mayor Real welcomed Mr. Dale up to the forum to share some words. Mr. Dale mentioned that there are many exiting projects happening in the City; he thanked the Council members.

CONSENT AGENDA

All matters listed under the Consent Calendar are to be considered routine by the City Council/Calexico Community Redevelopment Agency Successor Agency or Calexico Financing Authority and will be enacted by one motion in the form listed. Any item may be removed from the Consent Calendar and considered separately by the City Council.

Mayor Real asked the Council if there were any items to be removed. Council members Hodge and Hurtado voted to remove Item No. 12 from the Consent Calendar.

A motion was made by Mayor Real, seconded by Councilman Escobar, to pull item twelve (12) from consent and approve the remaining items. Public comments were first allowed on item 10, Warrants from May 5th to May 18th, 2017, and City Salaries & Benefits from April 29th to May 12th, 2017. Mr. Joong Kim made a public comment, stating that with the division of the financial departments, the financial departments and the banks are precise with the current information. He mentioned that he would like to see information that includes the revenue increase and the current balance included project money. He said that from the general fund, project money, and the current balance, they can determine how much money they have to spend and how much is left. He reiterated that the City does not have money, and that every Council member should check closely the status of the city's budget: how much money was received, how much money the City had, and how much is being spent. Mr. Kim referred to the issues at the school when he was part of the School Board during the academic year 2010-2011. Mr. Kim stated that it is important to keep financial and other information as current as possible to make better decisions for the community.

There being no further public comments on the consent items,

A motion was made by Mayor Real, seconded by Councilman Escobar, and passed unanimously to approve the following: Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of May 3, 2017, May 9, 2017, May 17, 2017 and March 6, 2017; Application for Alcoholic Beverage License for Cardenas Markets LLC, 2300 N. Imperial Avenue, Calexico, CA 92231; Approve the Prequalified Applicant for the Sale of Safe and Sane Fireworks for 2017; and adopting a Resolution of the City Council of the City of Calexico Approving the Application for Grant Funds for the Environmental Enhancement and Mitigation (EEM) Program.

**REQUEST AUTHORIZATION TO SOLICIT PROPOSALS FOR FALSE ALARM/
BILLING/ EDUCATION SERVICES**

Mayor Real asked City Manager, Armando Villa, to elaborate on this item.

City Manager, Armando Villa, stated that the request is to authorize to go to an RFP to be able to solicit contractors, so they can assist the City in doing the false alarm building. He explained that there are many companies that sell alarm systems that rely on the city's Public Safety to go and deal with the alarm calls. City Manager, Armando Villa, stated that most of these calls are false alarms, and it is for this reason that they have to be able to develop a mechanism to recover the cost associated to into a false alarm. He stated that they are working hard to find the appropriate and cost-effective way to solve this problem.

Mayor Pro Tem, Maritza Hurtado, mentioned that this problem with False Alarms may happen by involuntarily pressing on to the Key Fob that is associated with the alarm system. It is for this reason that she suggested to have a bid to get feedback from business owners.

Mayor Real asked what the most effective way to inform these businesses about this new implementation on false alarm billing would be.

Chief Gomez answered that this will be an educational and billing process. Also, he mentioned that it is not the Police's job to respond to false calls. He stated that it is an expenditure of the City taxpayer's money and it draws the police department away from the real crimes. He said that this is just a request for proposal to see who could bring them a more feasible package to enforce an existing ordinance.

Councilman Hodge thanked everybody involved in this proposal because he believes that it is an excellent idea.

Councilman Pacheco stated that this problem is dipping companies that sell alarms, he believes that they have to provide information out to the companies, informing them of actions that will be taken in the near future due to false alarms.

Chief Gomez stated that it is not the City's obligation to provide the education; he said it is the alarm company's responsibility and obligation to inform alarm buyers of this problem and the actions that will be taken regarding False Alarms.

A motion was made by Mayor Real, seconded by Councilman Hodge, and passed unanimously to approve request for authorization to solicit proposals for False Alarm/Billing/Education Services.

DISCUSSION AND POTENTIAL ACTION ITEMS**APPOINTMENT BY COUNCIL MEMBER LEWIS PACHECO TO THE ECONOMIC
DEVELOPMENT/ FINANCIAL ADVISORY COMMISSION.**

Mayor Real introduced the item. Council Member Pacheco appointed Enrique Ramírez.

DISCUSSION OF PRELIMINARY BUDGET 2017-2018

The City of Calexico financial consultant, Susan Meyer, introduced to the council projections for the general fund for the upcoming fiscal year. Ms. Meyer stated that the purpose of her presentation is to introduce the City Council to the upcoming budget. She stated that the City Council is well-informed of the City's financial affairs, and reported that, every year, the City

gets a clean slate to approach and allocate resources for the fiscal year. Ms. Meyer mentioned that her presentation is not to provide a proposed budget for the city, but to provide a projection of the budget.

Susan Meyer stated that her presentation is about the General Fund revenues and the services that are currently supportive, omitting anything related to the measure H.

She stated the objectives of her presentation:

Revenue Trends and Assumptions

Ms. Meyer started her presentation by introducing the major assumptions for revenues. She reported that revenues for 2016-2017 continue to be flat. She stated that the tax projections are slightly less than they were at mid-year. She stated that, during mid-year, they gave the City an adjustment that was intended to balance the fiscal year, and reported that since then they have continued to see an erosion of the revenues; but Ms. Meyer stated that the baseline revenues are higher than what they were a year ago.

Susan Meyer stated that during the year 2016-2017, the City benefited from two one-time events: the Heffernan grant, and the Land Sale by the Successor Agency, which provided a portion that was added back to the general fund. Ms. Meyer emphasized that the City's budget through the last budget amendment was a balance to using those one-time funds. Also, she stated that when they look to the upcoming fiscal year, and take those two revenue streams out, it automatically puts the City out of balance again.

Ms. Meyer reported that the State will release March Q sales tax results on June 16, 2017; she mentioned that, four times a year, the State Board of Equalization releases quarterly sales tax. Ms. Meyer stated that sales tax is an important revenue source for the City because, when the General Fund and Measure H1 are combined, it creates 40% of the City's discretionary spending. She mentioned that when results are released, they will incorporate and share all the new information from the March Q Sales tax results.

Susan Meyer expressed that she is very concerned about the sales tax, not only for the City, but statewide. She said that many cities are seeing a flattening of sales tax on their retail habit consumers due to the growth of internet sales and other factors.

For the fiscal year 2017-2018, Ms. Meyer mentioned that they base the projections based on input from the City's consultant; the City has a firm called HDL that provides detailed analysis on the city's property tax and sales tax. She said that, to gather the projections, they look at the retail segments and property transactions and make recommendations to the city on the revenue projections

Susan Meyer stated that the City continues to have approximately \$14,000,000 dollars a year in baseline revenues. Ms. Meyer reiterated that without the one-time benefit that the city had in 2016-2017, the total revenues would drop from the prior year. She mentioned that many cities in the state are bracing for an economic slowdown.

Cost of Services: Salaries and Benefits

Ms. Meyer mentioned that the projections assume staffing of 149 Full Time Employees. She stated that it is assumed that all the authorized positions will be filled.

Ms. Meyer mentioned that the City has many significant fund balances that are available for the City Council to deploy through its capital improvement program to generate activity construction and development in town, so by investing in additional positions to support this program, the city can only anticipate benefits.

Susan Meyer mentioned that the projections assume that the negotiated contract concessions will continue for the next fiscal year. She mentions that the projections do not assume any concession in the Fire Department because those concessions have not been negotiated; they are assuming the full cost of the Fire Employment packages. Moreover, Ms. Meyer reported that the workers' compensation program sees significant increases in the current year because the JPIA, the insurance pool that the city left in 2016, has billed the city for retrospective charges. She stated that the city had a bad run with claims, so on July 1, 2017, between the Workers' Compensation Program and the General Liability Program, the City will write a check for over \$800,000 dollars to pay JPIA for this retrospective charge. Ms. Meyer mentioned that the city's claims, since the city has become self-employed, has been low and has realized savings on a short-term basis. However, the City has to pay large bills of JPIA and for those reasons the workers' comp in the coming year are much higher than they have been in the past. Ms. Meyer reported that on the actuarial projection of the workers' comp claims, they are only including the 50% confidence.

Ms. Meyer referred to the pension unfunded actuarial liability. She explained that the unfunded actuarial liability represents all the actuarial under estimates from the past for employees and retirees past service credit. She reported that the city owes a significant burden of debt to the pension system for actuarial assumption that have not sufficiently sustained and funded the pension program. Ms. Meyer stated that the CalPERS board recently changed the discount rate and the earning assumption on the city's pension program, they will be charging the City and increasing amount and the Board policy is to face that in a period of seven years. Due to this, in this year 2017-2018, the City is seeing a \$4,000 - \$5,000 dollar increase on this line and the payments for this coming year, Ms. Meyer reported, will be \$1.3 million in equipment which is substantially general fund. Ms. Meyer mentioned to think about how many employment positions the City would have to reduce to make up for those additional payments each year. She expressed that this can affect the capacity the City has to deliver services.

Other cost of services on the projections were the operating costs which are the non-salary costs: maintenance, supplies, and contracts. She reported that not all requests from the departments are being funded, but it is required a \$3.8 million for operating costs. Susan Meyer stated that the budget assumes the continued payment on the wastewater loan, but although the City has annual operating deficit, by making this payment the City can continue to strengthen and rebuild the general fund.

Susan Meyer reported that the city, during the fiscal year 2013-2014, did not use a Cost Allocation Plan to allocate its costs to programs outside the General Fund. For this reason, the Finance Department staff has put together a homegrown and cost plan that can generate about \$750,000 dollars to the General Fund. Ms. Meyer mentioned that it is a retroactive adjustment that will help the city's beginning balance.

Ms. Meyer stated that with these assumptions mentioned, they are seeing a \$3,000,000 dollar gap. She referred to reason to explain why the City has such financial gap which relates to those reasons explained previously on her presentation. She reiterated that her presentation on these projections is to provide option to put the city's situation back into balance.

Susan Meyer showed a slide and provided the audience with a handout that showed the finances, the inflows and outflows into the General fund from 2014-2015 and the annual results up through 2017-2018. She mentioned that the baselines revenues are \$14,000,000 dollars when the one-time transfers or the one-time grants are pulled out. She reiterated that Calexico is a \$14,000,000 dollar city, and when the \$2,000,000 million for measure H is added in, this adds up to \$16,000,000 to \$17,000,000 million dollars.

Ms. Meyer reported that the total expenditures back in 2014-2015 were \$19,000,000 dollars; this is why, at some time, the General Fund overspent its revenues by \$3,000,000 to \$4,000,000 million. She made reference to how deep the City has gone in reducing its costs; she mentioned that the City has gone, looking at the salary line on the filled positions, from \$14,000,000 to \$10,000,000. She reported that the City has removed \$4 million dollars of salary costs through position reductions and labor concessions. Also, on the expenditure line, the City has gone from \$19 million dollars down to the current year of \$15 million dollars. But, for what can be seen for the year 2017-2018 this is creeping back up to \$17 million dollars without new revenues to pay for. Ms. Meyer mentioned that, although there is a deficit, there has been real progress in reducing the expenditure patterns of the City.

Susan Meyer explained that the City had two years in which it had significant overspending. Also, she explained that the City has no reserve, and due to this reason is that it must balance the budget.

Suggested Strategies to solve the City's budget

Susan Meyer mentioned that most cities need to separate core versus non-core services. Also, she stated that if the City cannot reduce the number of employees, it needs to look at the cost options for the services provided. Moreover, she said that it is important to build the revenues; Ms. Meyer stated that the City needs to focus on economic development. She reported that the City currently has \$1.7 million of position in its budget that are vacant. She said that this is the greatest are of flexibility for the city council: the approach to the vacant position. Lastly, Ms. Meyer mentioned that service reductions must be part of the conversation in regards to strategies to solve the City's financial deficit.

Ms. Meyer thanked the council for their time asked if there were any questions.

CITY COUNCIL COMMENTS ON DISCUSSION AN DPOTENTIAL ACTION ITEMS

Council member Escobar thanked Susan Meyer for providing the Council with the information, and for exposing the truth on the City's financial deficit. Council member Hodge thanked Susan Meyer for her hard-work and straightforwardness, and asked her what she meant by 50% confidence or 70% confidence displayed on one of her PowerPoint slides. Mrs. Meyer explained that it is the bell curve.

Councilmember Pacheco asked Ms. Meyer if there is different way to pay back the JPIA. Mrs. Meyer answered that the City did have payment plans, but the City is not a member anymore, so that flexibility is no offered anymore.

Mayor Real took the time to thank Mrs. Meyer for her report. He mentioned that he has attended other cities' Council meetings and has noticed that Calexico is not the only city facing this financial deficit.

Mayor Real welcomed Joong Kim for Public Comments.

Mr. Kim asked if the 50% confidence level is caused by the several claims that JPIA paid out. Mrs. Meyer responded that that is unrelated, and that the competence level is related to the self-insurance program that the City claimed since January, 2016. Mr. Kim made a comment on the waste of the City's water loan. Mr. Kim thanked the council for allowing him to provide comments on the issues discussed during this meeting.

City Manager, Armando Villa, mentioned that they are going to work hard to try to close the gap discussed earlier during the meeting. He also informed that there are going to be meetings in which topics regarding the financial gap and City budget will be discussed. Mayor Real invited to attend this meeting all those interested in asking questions regarding the city finances.

FUTURE AGENDA ITEMS

Council Member Escobar - None

Council Member Pacheco commented that there is fencing around some parks that is not used anymore. City Manager, Armando Villa, said that he will consider this issue.

Council Member Hodge - concerned that the city does not have a systematic legal break and lunch system for dispatchers. City Manager, Armando Villa, mentioned that he will send this issue to the right department to consider solving this. Council Member Hodge also requested the City provide Marketing Brochures to provide information to new businesses.

Mayor Armando Real – Implement building abatement laws.

ADJOURNMENT

There being no further business, meeting was adjourned at 8:55p.m.

Armando Real, Mayor

ATTEST:

Sally Hernandez, Deputy City Clerk