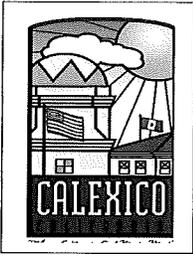


**AGENDA
ITEM**

6



AGENDA STAFF REPORT

DATE: April 5, 2017
TO: Mayor and City Council
APPROVED BY: Armando G. Villa, City Manager
PREPARED BY: Gabriela T. Garcia, Deputy City Clerk
SUBJECT: Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of February 23, 2017, March 6, 2017 and November 2, 2016.

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Recommendation:

Approval of City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of February 23, 2017, March 6, 2017 and November 2, 2016.

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 February 23, 2017, March 6, 2017 and November 2, 2016, have been prepared for City Council review and approval.

Fiscal Impact:

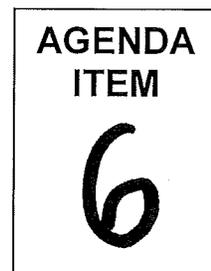
None.

Coordinated With:

None.

Attachments:

Minutes for City Council/Calexico Community Redevelopment Agency Successor Agency/Calexico Financing Authority Minutes for Meetings of February 23, 2017, March 6, 2017 and November 2, 2016.



THE CALEXICO CITY COUNCIL/CALEXICO REDEVELOPMENT SUCCESSOR AGENCY/CALEXICO FINANCING AUTHORITY MET IN REGULAR SESSION ON THE 2ND DAY OF NOVEMBER, 2016 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 AGENDA- 5:30 P.M.

CALL TO ORDER

Mayor Castro called the meeting to order at 5:36 p.m.

ROLL CALL

Mayor: Luis J. Castro
Council Member: John M. Moreno
Council Member: Joong S. Kim
Council Member: Maritza Hurtado

ABSENT:

Mayor Pro Tem: Armando Real

PUBLIC COMMENTS

No Public Comments.

APPROVAL OF AGENDA

Carlos Campos, Interim City Attorney requested Council add two items to the agenda as follows:

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Perp Charge No. 1a-c3-996-m – Calexico Municipal Employees Association v. City of Calexico.
2. Approval of letter of understanding between the City of Calexico and the Calexico Management Association.

Mr. Campos requested a 4/5 vote to add these items to the agenda.

Motion by Council Member Moreno, seconded by Council Member Hurtado to approve the agenda with addition of the two closed session items. Motion passed by the following vote to wit:

AYES: Castro, Hurtado, Moreno, Kim
NOES: None
ABSENT: Real
ABSTAIN: None

ADJOURN TO CLOSED SESSION.

Council convened in closed session at 5:50 p.m. to discuss the following:

CONFERENCE WITH LABOR NEGOTIATORS

Agency Representatives: City Manager, City Attorney

Employee Organizations: Police Officers Association, Fire Fighters Association, Supervisors Association, Certified Operators Association/SEIU Local 221, Calexico Management Association. (Govt. Code Section 54957.6).

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Perp Charge No. la-c3-996-m – Calexico Municipal Employees Association v. City of Calexico.

Council reconvened from closed session at 6:30 p.m.

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

REGULAR SESSION AGENDA - 6:30 P.M.

CALL TO ORDER

Mayor Castro called the meeting to order at 6:48 p.m.

ROLL CALL

Mayor: Luis Castro
Council Member: Maritza Hurtado
Council Member: John M. Moreno
Council Member: Joong S. Kim

ABSENT

Mayor Pro Tem: Armando Real
Mayor Pro Tem Real arrived at 8:41 p.m.

PLEDGE OF ALLEGIANCE

Council Member Kim led those present in the Pledge of Allegiance.

CLOSED SESSION ANNOUNCEMENTS

Carlos Campos, Interim City Attorney announced Council met on two items. Council received settlement authority on the Perp Charge case. Status update was provided on item for Labor Negotiations.

PRESENTATIONS**MAYOR CASTRO'S RECOGNITION OF EXCELLENCE PRESENTED TO MR. JACK TAPIA.**

Item tabled for the next meeting.

PUBLIC COMMENTS AND PUBLIC APPEARANCES

Elsa Belgin, IVEDC informed the Council on the upcoming IVEDC events and the tax credit assistance provided to companies in the Imperial Valley.

CITY COUNCIL COMMENTS AND REPORTS OF MEETINGS ATTENDED

Council Member Moreno attended a school district meeting and addressed comments made by Mr. Kim against him.

Council Member Kim addressed comments made by Council Member Moreno.

Council Member Hurtado commented on Ruben Niebla and position as interim pitching coach position with the Cleveland Indians. Mr. Niebla has started youth groups and youth organizations for baseball. She applauded Mr. Nieblas for his hard work. Informed of event for the Family History by Jose Cuellar. She reported attending the Economic Development meeting and its importance for Calexico.

Mayor Castro reported attending the League of Cities meeting in Brawley and his pride to represent Calexico. Also attended crime and health prevention event in the City and the Board of Supervisor's meeting at the County who hosted the Mayor of Mexicali.

CITY MANAGER'S REPORT

City Manager Villa informed the City received funding from ICTC for two years in the amount of \$300,000 for traffic control in Calexico. He also reported ICTC has pledged to work with the City on a permanent solution with regards to the new port of entry along Cesar Chavez Blvd. The City also received funding from the Imperial Valley Workforce to assist the City in hiring San Diego State University Masters Students to assist with training. The City has also applied through the State Parks and Recreation for funding towards the development of the former armory location.

CONSENT AGENDA

Council Member Hurtado pulled Item No. 5 for discussion.

Council Member Kim pulled Item No. 7 for discussion.

Motion by Council Member Moreno to approve the consent agenda consisting of Item No. 3 - Approval of City Council/Calexico Community Redevelopment Agency Successor

Agency/Calexico Financing Authority Minutes for Meeting of September 7, 2016 and September 21, 2016; Item 4 No. - Warrants from October 1st to October 21st 2016 and City Salaries & Benefits from October 1st to October 14th 2016; Item No. 6 - Award Chemical Products Bids for the Water Treatment Facility; Item No. 8 - Appointment of Designated City Representatives to the Abandoned Vehicle Abatement Joint Powers. Motion seconded by Mayor Castro. Motion passed by the following vote to wit:

AYES: Castro, Hurtado, Moreno, Kim
NOES: None
ABSENT: Real

ITEMS PULLED FROM CONSENT CALENDAR FOR DISCUSSION

ITEM NO. 5 - APPROVAL OF CHANGE ORDER NO. 1 FOR PREVIOUSLY APPROVED ARMORY DEMOLITION CONTRACT.

Council Member Hurtado asked if this item had already been presented to the Successor Agency Board. Eduardo Gutierrez, Acting Finance Director advised this and other improvement projects was approved by the State Department of Finance on the ROPS from one year ago.

City Manager Villa advised that the Successor Agency has approved \$2.5 million in projects and it is part of the ROPS and all funds have been pre-authorized.

Mayor Castro asked if this project includes the demolition of Sheridan Street. Mr. Ralph Morales explained the project also encompasses the removal of Sheridan Street.

Motion by Council Member Hurtado to approve change order no. 1 for previously approved armory demolition contract. Motion seconded by Council Member Moreno and passed by the following vote to wit:

AYES: Castro, Hurtado, Moreno, Kim
NOES: None
ABSENT: Real

ITEM NO. 7 - AUTHORIZE THE CITY MANAGER TO SIGN AGREEMENT OF PROFESSIONAL SERVICES WITH CHEN RYAN ASSOCIATES, INC. FOR THE CALEXICO BICYCLE MASTER PLAN UPDATE – STATE PROJECT NO. 74A0867.

Council Member Kim commented on the proposals received and pointed out Chen Ryan Associates, Inc. was the low bidder however, this is not always the best and questioned if the firm’s reputation was checked. City Manager Villa stated Chen Ryan Associates has a reputable background and felt comfortable recommending the firm.

Council Member Kim asked for start and end date. Council Member Moreno advised the project was to be completed by January 31, 2017. Council Member Kim asked if the roads would be marked. City Manager Villa advised this would allow the City to plan for bike routes and funding would have to be allocated to carry out the stripping of bike lanes and it also allows the City to

apply for bicycle related grants.

Motion was made by Council Member Kim, seconded by Council Member Kim to approve authorization for City Manager to sign agreement of professional services with Chen Ryan Associates, Inc. for the Calexico Bicycle Master Plan Update – State Project No. 74A0867 and passed by the following vote to wit:

AYES: Castro, Hurtado, Moreno, Kim
NOES: None
ABSENT: Real

FINAL FINANCIAL STATEMENTS (CAFR) AND INDEPENDENT AUDITOR'S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2015/PRESENTATION OF GENERAL FUND HISTORIC ACTUAL REVENUE AND EXPENDITURE TRENDS.

City Manager Villa requested to address items 9 and 10 together. Council concurred.

Ms. Susan Meyer reported the City's audit firm signed and delivered the audit report for 2015 and now the city has third party assurance on the financial status of the City. Ms. Meyer introduced the statements provided by Mr. Ken Pun and asses how they can be used to assess the financial status of the City. She referred to the fund level statements which refer to the current resources, taxes and grants coming into the City for salaries and operating costs. She spoke on General Fund which shows the City's deteriorating financial condition. Council Member Hurtado returned to the dais at 7:23 p.m.

She referred to page 20 revenues and expenditures for the General Fund which includes Measure H fund. She pointed out that the Measure H is included in the General Fund due to it being at the discretion of the Council even though there is a citizen's committee which advises the Council this fund as required by the Government's Accounting.

Ms. Meyers pointed out that the revenues of about \$17 million were far less than the expenditures which were exceeded for about \$21 million. At the end of the year, all the funds are gone. She stated the adopted budget for 2014-15 did approve \$21 million for the year. She pointed the budget had a flawed revenue budget. She stated the revenue structure as it currently sits is generating about \$17 million a year and this is the same assumption for 2016-17 however the spending is at \$21 million and it is a challenge to dial back the expenditures. This can be carried out through the reduction in level of service or reduce in the cost of service because this cannot continue.

She explained the audit includes the same detailed disclosures for the general fund for the other city funds. She stated the results of the audit are not positive because it validates that the general fund resources are depleted.

Ms. Meyers provided a Powerpoint presentation on looking back at the General Fund Revenue and Expenditure Trends to 2015. She explained the General Fund Balance Trend which had a \$1 million reserve and in June 2015 it is at negative. She explained the revenues and expenditures and stated that increases in general fund. She explained that during a period of three

years, the City's expenditures went up by 50% from \$14 million to \$21 million and this is not sustainable.

She reviewed the expenditures as follows: The orange portion shows the Police and Fire Department budget grew by \$3.6 million despite the reduction in force. Other programs. She pointed out that the cost per officer or fire fighter in the field has grown significantly. The yellow-gold section is for other programs in the City supported by General Fund cost is fairly low. The gray box represents general government the City Council, City Clerk, City Attorney, Finance, Human Resources and Technology. There have been changes in how the costs of programs was distributed. In 2015 there was a cost allocation program. The top box represents the million dollars per year to pay for Measure H debt service. The purpose is to show the distribution of costs to the General Fund.

Ms. Meyers explained the budgets for 2016-2017 problems. She stated there is a deficit for 2016-17. In the 2016-17 the lines on the graph match due to negotiations and costs by the city. She pointed out that the benefits will continue to grow in the coming years and will create additional pressure for the City and make every budget a challenge. She stated the need to continue to find long term solutions for balancing.

Ms. Meyers identified the following fiduciary controls:

1. Adoption of annual program and capital budgets
2. Upload of annual budget into financial system
3. Timely recording of all financial transactions
4. Timely reconciliation of bank statements
5. Distribution of monthly budget/actual reports to program managers
6. Timely analysis and response to deviations
7. Purchasing controls
8. Formal midyear reporting to City Council

Ms. Meyers stated that any of the above eight items could identified the over expenditures if they had been in place.

The next steps:

- 2014-15
 - Single Audit (Federal Grants)
- 2015-16
 - Finish Bank Reconciliations
 - Account Analysis/Year-end Close – November to January
 - Audit
 - ✦ Field Work targeted January to March 2017
 - ✦ Final Report targeted prior to 2017-18 budget
- 2016-17
 - Mid-year Budget Monitoring Report

Council Member Kim questioned page 3 Revenue and Expenditures Trend of the presentation. He asked about the \$3.9 deficit. Ms. Meyers explained the \$3.9 million was for 2015-16 and the adopted budget assumed negotiations with employees of salaries and benefit.

Council Member Hurtado asked if fiscal year 2014-15 budget had to be restated. Ms. Meyers stated that in each of the last three years there has been a restatements of the budgets. Hurtado asked how far back the double county of revenues went back. Ms. Meyers explained it was in 2014-15. Council Member Hurtado asked about the debt service for Measure H. Ms. Meyers advised her the first year for debt service payment was in 2014-15.

Council Member Moreno asked it seemed the City is on the road to recovery with a lot to continue. City Manager Villa explained this exercise has allowed the City to correct the structural deficit and are working on strategies to correct and continue to work with employee unions and we have also identified that the stream of revenue is consistent and have been doing a lot to make sure the lines connect and begin to rebuild the City,

Council Member Hurtado asked for a projection on the completion of the bank reconciliations. Ms. Meyers informed that the staff is moving forward and are not beginning with November.

Council Member Kim asked about the timely recording of transactions. Ms. Meyers advised timely recording is happening and the first five items on the list are in good shape and the last three items is the work plan. Council Member Kim asked about the Single Audit and if it was on time. Ms. Meyers stated this is up to the audit and should be finished soon and is about eight months late. Mr. Kim commented on the City not being able to apply for grants due to not having the single audit

Mayor Pro Tem Real arrived at 8:41 p.m.

Council Member Hurtado left the dais at 8:42 p.m.

Mayor Pro Tem Real stated the City knows when it was spent but his question is where it was spent by department. He commented the Council received budgets twice stating the budget was balanced when it had items that were double counted. He questioned if this action was legal and if it could be identified in department went over budget. Ms. Meyers advised the adopted budget was for \$21 million. Mayor Real asked how a Finance Director could be wrong and bring a City down and how does a City protect itself from such a staff member and whether it can be considered criminal. Ms. Meyers stated she could not respond for the past and could only give solutions for the future.

City Manager Villa requested the City to receive and file this report. Council Member Kim suggested continuing the review of the audit for the next meeting for questions. Ms. Meyers stated staff will be back on various occasions and there will be the opportunity to review.

Mayor Castro asked about page twenty on the expenditures, public safety is approximately \$13 million for Fire and Police Departments. He questioned the revenues and was advised that the revenues were \$17 million. He asked for the percentage of the expenditures by the Fire and Police

Department. City Manager explained Public Safety is 75% of the budget.

Motion was made by Council Member Moreno to receive and file the audit report. Motion was seconded by Council Member Kim and passed by the following vote to wit:

AYES:	Castro, Real, Moreno, Kim
NOES:	None
ABSENT:	None

Council Member Hurtado returned to the dais at 9:05 p.m.

APPOINTMENT BY MAYOR PRO TEM REAL AND COUNCIL MEMBER MORENO TO THE CALEXICO PERSONNEL COMMISSION.

No appointments were made. City Manager Villa stated there was a pressing item and if no one is appointed the Council Member would be able to sit in on the case.

CONSIDERATION OF MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CALEXICO AND BORDERTOWN INVESTMENTS, LP., FOR CONSTRUCTION OF WEST 2ND STREET INFRASTRUCTURE PROJECT IN CONNECTION WITH THE EDA PROJECT APPLICATION.

City Manager Villa stated the Council approved the co-application with the County of Imperial of an EDA grant up to \$3 million to build second street improvements west of the all American canal as an economic tool for either the extension of Gran Plaza and the Airport. Since then, the City have been working with the county in trying to develop a cost estimate to allow us to enter into an agreement with the developer of the adjacent property which is the Gran Plaza extension, to be able to apply to this grant with the County. The County needs a firm commitment from the developer and the City in order to submit the application for the EDA grant. We are fairly confident that EDA will fund the \$3 million necessary for this road. The City has earmarked about \$1.5 million of transportation funds for this project and redirected from other projects to build this road. He explained this road is part of the road network necessary not only for the Gran Plaza but for the Airport expansion and development to be ready for the new port of entry which will bring quite a bit of traffic. If this is approved, than the application process will begin with the County to submit the application to EDA.

Motion was made by Mayor Pro Tem Real, motion was seconded by Council Member Moreno for discussion.

Jose Hinojosa commented the members of Hearthstone have been waiting for ten years on their development and asked for a second entrance to their community. He commented on the City providing funding to investors and asked the city to fund investors to build homes in the development of Hearthstone. He asked the City to consider proposals to complete the Hearthstone development. He asked the Council not to give the funds away to any investors.

City Manager Villa outlined the breakdown of the probable cost of the road. He stated the City would take advantage of an EDA grant of up to \$3 million. He explained the City has identified

approximately \$1.5 million from Measure D funds, impact fees and other transportation related fees collected. The remaining \$2.2 million necessary for the road would be funded by the applicant of Gran Plaza. He stated the key is that the MOU spells out that the Developer has to build the entire road. Once the road is built, the City would work with the County to try and reimburse the Developer, if the City and County are successful in obtaining the EDA grant. He further explained this next phase of development is subject to development impact fees of \$1.2 million and not all of them related to transportation. A portion of this will be used to offset some of these costs and will not affect the general fund.

Council Member Moreno asked about the second entrance to the Hearthstone would come from Measure D funds. Mr. Villa advised the City has not decided where the funding will come from or if this will be done.

Mayor Pro Tem Real stated the importance that the public understand that it is not a gift to the Developer. If the City does not take the \$3 million to expand the road, the City of El Centro will be getting the funds. He explained the funding is for the road only and not for the Gran Plaza project. Mayor Pro Tem Real stated he supports the project.

Council Member Hurtado asked if the Council had already reinstated the impact fees after the reduction. She asked if the \$1.5 estimate is on old figures or reinstated fees. City Manager Villa stated the fees are with the reinstated fees. She stated she was not supporting the EDA grant due to the City having an outstanding EDA grant and this was a matter of concern.

Council Member Kim questioned if the phase I impact fees had been paid. He requested details on the "other available funding" listed. He stated the need to set impact fees for the community and not for the Developers. Council Member Kim stated the impact fees were not paid by the Developer. He requested a list of the City's impact fees.

Council Member Real asked if Gran Plaza had paid the impact fees. City Manager Villa stated he has seen that a document stating Gran Plaza has paid impact fees.

Motion was made by Mayor Pro Tem Real, motion was seconded by Council Member Moreno. Motion passed by the following vote to wit:

Carlos Campos explained that receiving campaign contributions from the Developer is not a conflict of interest as long as the contribution is disclosed.

AYES:	Castro, Real, Moreno
NOES:	Kim
ABSENT:	None
RECUSE:	Hurtado

VERBAL REPORT ON HOME PROJECT RENT LIMITS.

Julia Osuna, Interim Housing Manager, provided a clarification to Mr. Kim's question on why one person paid more than another.

Council Member Kim stated he requested a report on affordable housing for senior citizens in Calexico.

Mayor Pro Tem Real left the dais at 8:53 p.m.

Council Member Moreno left the meeting at 8:54 p.m.

Ms. Osuna will prepare a report for the next meeting.

APPROVAL OF LETTER OF UNDERSTANDING WITH THE CALEXICO MANAGEMENT ASSOCIATION

City Manager provided a staff report stating the management group has agreed to suspending the 9/80 schedule, pick-up of 7% of PERS payment and 20% of the medical insurance and one furlough day every pay period for a period of two years. In addition, in order for this group to realize the savings, the City would have to institute would institute a reduction in force process if the amount needed is not reached.

Council Member Real returned to the dais at 9:01 p.m.

Motion was made by Mayor Pro Tem Real to ratify the Letter of Understanding with the Calexico Management Association.

AYES: Castro, Real, Hurtado
NOES: Kim
ABSENT: Moreno

Mr. Kim voted no because he believed there should be a different structure of the cut.

FUTURE AGENDA ITEMS

Joong Kim requested a report on rental assistance to the senior citizens in Calexico.

ADJOURNMENT

There being no further business, meeting was adjourned at 9:15 p.m.

Luis J. Castro, Mayor

ATTEST

Gabriela T. Garcia, Deputy City Clerk

THE CITY COUNCIL OF THE CITY OF CALEXICO MET IN SPECIAL SESSION ON THE 23RD DAY OF FEBRUARY 2017 AT 3:30 P.M. IN THE COUNCIL CHAMBERS LOCATED AT 608 HEBER AVENUE, CALEXICO, CALIFORNIA. THE DATE, HOUR AND PLACE DULY ESTABLISHED FOR THE HOLDING OF SAID MEETING.

CALL TO ORDER

Mayor Real called the meeting to order at 3:47 p.m.

ROLL CALL

ATTENDANCE

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

ABSENT:

Council Member: Jesus Eduardo Escobar

PUBLIC COMMENTS AND PUBLIC APPEARANCES

No Public Comments made.

ADJOURN TO CLOSED SESSION

City Council convened in closed session at 3:48 p.m. to discuss the following:

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of Litigation, Pursuant to Government Code Section 54956.9(d)(4)

One (1) potential case

2. 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

Commission reconvened from closed session at 4:16 p.m.

Carlos Campos, City Attorney reported direction was given, no reportable action was taken.

ADJOURNMENT

There being no further business, meeting was adjourned at 4:16 p.m.

Armando Real, Mayor

ATTEST:

Gabriela T. Garcia, Deputy City Clerk

THE CITY COUNCIL OF THE CITY OF CALEXICO MET IN SPECIAL SESSION ON THE 6TH DAY OF MARCH 2017 AT 6:30 P.M. IN THE COUNCIL CHAMBERS LOCATED AT 608 HEBER AVENUE, CALEXICO, CALIFORNIA. THE DATE, HOUR AND PLACE DULY ESTABLISHED FOR THE HOLDING OF SAID MEETING.

CALL TO ORDER

Council Member Pacheco called the meeting to order at 6:32 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

PUBLIC COMMENTS AND PUBLIC APPEARANCES

No Public Comments.

CLOSED SESSION

Council convened in closed session at 6:32 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, Supervisors Association, Certified Operators Association/SEIU Local 221 (Govt. Code Section 54957.6).

Council reconvened from closed session at 8:04 p.m.

CLOSED SESSION ANNOUNCEMENTS.

Carlos Campos, Interim City Attorney, reported that the City Council unanimously agreed to rescind the Notice of Intent to Reduce Fire Department Services and Reduction in Personnel dated February 16, 2017, conditioned upon the Calexico Firefighters Association withdrawing their Unfair Practice Charge filed with the Public Employment Relations Board on March 3, 2017.

ADJOURNMENT

There being no further business, motion was made by Council Member Pacheco, seconded by Mayor Real and passed unanimously to adjourn the meeting at 8:05 p.m.

Armando G. Real, Mayor

ATTEST

Gabriela T. Garcia, Deputy City Clerk