

City Of Calimesa

Joint City Council & Successor Agency to the Calimesa Redevelopment Agency Minutes of Budget Workshop Special Meeting May 22, 2023

CALL TO ORDER 3:30 p.m. by Mayor Davis

ROLL CALL: MAYOR DAVIS, MAYOR PRO TEM HEWITT, COUNCIL MEMBER CERVANTEZ, COUNCIL MEMBER MANLY AND COUNCIL MEMBER MOLINA.

ABSENT: NONE.

STAFF: CITY MANAGER KOLBOW, CITY CLERK GERDES, FINANCE DIRECTOR REID, PLANNING DIRECTOR LUCIA, CITY ENGINEER THORNTON, PUBLIC WORKS ASSOCIATE ENGINEER SHAKIR, FIRE CHIEF O'CONNELL AND SHERIFF LT OLSEN.

PLEDGE OF ALLEGIANCE

Pledge of Allegiance was led by Council Member Manly.

APPROVAL OF THE AGENDA

MOTION BY MAYOR PRO TEM HEWITT, SECONDED BY COUNCIL MEMBER MOLINA, CARRIED 5-0 TO APPROVE THE AGENDA AS PRESENTED.

JOINT WORKSHOP ITEM

- 1. JOINT REVIEW OF THE FISCAL YEAR 2023-2024 BUDGET FOR THE CITY OF CALIMESA AND THE SUCCESSOR AGENCY TO THE CALIMESA REDEVELOPMENT AGENCY.

RECOMMENDATION: That the City Council and the Calimesa Successor Agency Board of Directors review the Fiscal Year 2023-2024 Budget documents and provide direction as appropriate.

City Manager Kolbow presented a Power Point presentation of the Fiscal Year 2023-2024 Draft Budget as follows:

Proposed General Fund budget Summary for 2023-2024:

Table with 4 columns: General Fund Summary, Ongoing, One-time, Total. Rows include Revenues, Expenditures, Operating Surplus, Transfers Out, Net Change, Beginning Fund Balance, and Ending Fund Balance.

General Fund Transfers are as follows:

<u>General Fund Transfers</u>	<u>Total</u>
Capital Projects	\$ 1,175,000
Capital Projects ADA	<u>5,000</u>
Subtotal	1,180,000
Vehicle Replacement Fund	750,000
Information Technology Fund	193,900
LLMD Fund	<u>85,000</u>
Total	<u>\$ 2,208,900</u>

General Fund Revenue is projected to be \$10.1 million, a net decrease of \$2 million from projected revenues in FY 2022-23 and \$1.3 million more than the original adopted FY 2022-23 budget. Significant ongoing revenue sources include the following:

- Property Taxes – Property tax revenues are projected to be \$4.24 million for Fiscal Year 2023-24. This is an increase of 2%, approximately \$82,000 over Fiscal Year 2022-23 property tax revenues. The 2% projection is very conservative as this does not account for increased growth or increases in assessed property values based on property sales.
- Vehicle License Fee in Lieu Taxes – VLF revenues are projected to be \$1.48 million for Fiscal Year 2023-24. This is an increase of 2%, approximately \$29,000 over Fiscal Year 2022-23 VLF revenues. The 2% projection is also very conservative as the VLF revenues are based on property tax growth. Similar to property taxes as noted above, the 2% increase does not account for increased growth or increased assessed property values based on property sales.
- Sales tax – Sales tax revenues are projected to be \$1.66 million for Fiscal Year 2023-24. This is consistent from Fiscal Year 2022-23 sales tax projections, and approximately \$340,000 more than the original adopted Fiscal Year 2022-23 estimate. Bolstering the City’s sales tax is the performance of the Marketplace at Calimesa which generated \$322,000 in sales tax revenue in Calendar Year 2022, an increase of \$200,000 over 2021. The City of Calimesa has data analytics and economic projections to support revenue estimates.

Significant one-time revenue sources include the following:

- Revenue projections have been increased by \$381,000 over estimated routine base projections in relation to anticipated development projects that will likely occur in Fiscal Year 2023-24.
- Public Services CFD Cost Contribution to the General Fund for eligible costs has been increased by \$275,000 of which \$150,000 is related to one-time revenues in recognition of the implementation of Advance Life Support program services for the community.

General Fund Expenditures

Descriptions of recommended significant one-time expenditures are as follows:

- This proposed budget includes a one-time expenditure of \$17,500 for a major document destruction project in the City Clerk Department. This project would be the first of its kind and includes the destruction of approximately 500 boxes of documents to align with the City's record retention policy.
- This proposed budget includes a one-time increase of \$234,725 for anticipated increased activity within the Building & Safety and Fire Prevention functions in the Community Development Department. This cost is offset by one-time revenues of \$381,000.
- This proposed budget includes Fire Department one-time expenditures of \$95,500. This includes \$80,000 to purchase additional turnouts to ensure that all firefighters are equipped with two sets of turnouts. Additional one-time costs include \$12,500 to retrofit the hose bed cover in Engine 1 and \$3,000 for a Mobile Data Terminal in Brush Engine 1.
- This proposed budget includes Animal Control one-time expenditure of \$6,000 to provide to the Calimesa residents and pets for shot clinics and spay and neuter services.
- This proposed budget includes Community Partnership one-time expenditure of \$4,000 to support cultural community performing arts.

A summary of one-time expenditures included in this proposed budget is as follows:

Department	Description	One-time GF Exp. Included in Proposed Budget
City Clerk	Document Destruction	\$ 17,500
Community Development	Additional Fire Prevention Costs	25,250
Community Development	Additional Building & Safety Costs	209,475
Community Development	Office Furniture for Associate Planner	1,500
	Community Development Total	236,225
Animal Control	Spay & Neuter Bus	6,000
Non-Departmental	Community Partnerships	4,000
Fire	Brush Engine 1 Mobile Data Terminal	3,000
Fire	Retrofit Hose Bed Cover in Engine 1	12,500
Fire	2nd Set of Turnouts	80,000
	Fire Department Total	95,500
Total General Fund One-Time Expenditures FY2023-24		\$ 359,225

Recommended significant recurring expenditures included in the proposed budget are as follows:

City Manager

- The reduction of the economic development consultant, Henry Garcia, as he has notified the City that he will not be renewing his contract. This will result in a reduction in expenditures of \$66,000. The City Manager will actively engage in economic development activities going forward.

Finance

- A request by the Finance Director to add a Senior Accountant position with a projected cost of \$107,833 including salary and benefits. The addition of this position would reduce the need for the use of the Financial Consultant, which would result in a \$45,000 savings, making the net cost of this position \$62,833. This recommendation supports enhanced internal control structures, provides for significant increases in the volume and complexity of transactions including compliance requirements of federal funding, financial statement reporting, procurement standards, and monitoring changes in legal and tax compliance requirements of payroll and benefits. This additional position would also allow the Finance Department to re-absorb some of the finance functions currently performed by the Deputy City Clerk and Planning Department, allowing their respective departments to focus on their core competencies.
- A request by the Finance Director to reclassify the Accounting Technician II position to Accountant with a projected cost of \$1,643 including salary and benefits. The current funded position of Accounting Technician II supports data entry and transactional level of reporting, however with the size of the Finance Department, there is a higher level of technical services and experience required from the Incumbent that is being provided to the City of Calimesa's Finance Department. The projected change for the position of Accountant also includes a range increase from Range 26 to Range 27 to maintain consistency and equitability with other entry level professional positions within the City of Calimesa.
- A request by the Finance Director to increase the budget in the General Fund for professional audit services of \$14,640 which is a contractual increase of services approved by the City Council on April 3, 2023. The increase also represents a shift of administrative costs from the Successor Agency Fund to the General Fund as a result of the approved last-and-final ROPS.
- A request by the Finance Director for property tax analytical services from HdL Coren and Cone in the amount of \$10,300. This contract is to be considered by the City Council on May 15, 2023.

Community Development

The Planning Department continues to have significant development activity and anticipates an increase in the volume of planning and project management. As a result, the Planning

Department is requesting additional support through increased services hours to residents and contractors with opportunities for direct communication regarding the complex planning process. The Planning Department is also an internal resource with respect to economic development and long-range planning to attract complementary business operations to the City of Calimesa. After input from the Finance Committee, there are two options being presented for consideration in relation to these objectives:

- Option A - A request by the Planning Director to add a Planning Technician I position with a projected cost of \$81,434 including salary and benefits. The addition of this position would reduce the need for use of a Planning Consultant for the City, which would result in a \$60,000 savings making the net cost of the position \$21,434. A full-time employee would provide 2,080 annual service hours. (Included in the projected budget figures)
- Option B – Alternatively, the use of a Planning Consultant professional service provider for direct service and counter hours and assistance with administrative functions with a projected cost of \$60,000. A Planning Consultant would provide 800 annual service hours. (Not included in the projected budget)

Fire

- A request by the City Manager to increase the salary range of the Fire Chief to be commensurate with the Deputy City Manager with a projected cost of \$9,645 including salary and benefits. The Fire Chief oversees the City's largest department, including over half of the City's employees. The Fire Chief additionally provides oversight of the Public Works crew since the City has a contract Public Works Director. With the importance and scope of the Fire Chief's functions, it is recommended to bring the position to the salary range level of the Deputy City Manager.
- A request by the Fire Chief to add a third Battalion Chief position with a projected cost of \$97,330 including salary and benefits. The addition of the position would provide overtime savings of an estimated \$37,000, which would result a net cost of the position of \$60,330. Currently, the City has two Battalion Chiefs covering three shifts, resulting in a three-on, three-off rotation between the chiefs which results in a significant amount of overtime being incurred. Prior to January 1, 2023, the Fire Chief would routinely work the 3rd Battalion Chief shift to provide some relief and coverage as well.
- A request by the Fire Chief for three (3) Apparatus Engineers with a projected cost of \$252,582 including salary and benefits. The addition of these positions would be offset by a reduction in the reserve program \$28,500, which would result in a net cost of the positions of \$224,082. The Fire Department's new model with these positions would consist of a three-person engine consisting of a Captain, Apparatus Engineer, Firefighter/Paramedic, and depending on availability a Reserve Firefighter for training purposes, as well as a two-person Patrol consisting of two Firefighters (one of which will be upgraded to a Firefighter Paramedic upon conversion to ALS).

- A request by the Fire Chief for an additional appropriation of \$21,000 for increased contractual costs related to the City's Wildland Protection Agreement with the State.

Police

- A request by the City Manager to add Flock cameras with a projected cost of \$24,000. In consultation with the Riverside County Sheriff's Department, the City obtained a quote for eight (8) Flock cameras that would be placed at various intersections. These cameras are a useful tool in solving crimes by adding the ability to find vehicles involved in those crimes and alert the Sheriff's department.

Salaries and Benefits – Citywide

- Base salaries and benefits without consideration of any additional staff or budget requests are increasing by \$251,085 in the General Fund. This is primarily due to the redistribution of labor costs previously reported in other funds, including the Successor Agency Fund. The Successor Agency fund has a reduced administrative allowance due to the last and final ROPS filed. Other costs include an increase in the City's required CalPERS contribution rates and anticipated merit increases.
- The proposed budget includes a COLA of 5% for all employees (excluding the City Manager) for a projected annual cost increase of approximately \$125,000. Increased salaries are recommended in consideration of significantly high inflation and CalPERS rate increases of 1% for all PEPRA employees. With an ongoing operating surplus of approximately \$750,000 before the recommended COLA, this cost can be absorbed both in proposed budget year as well as future budget fiscal years.
- Health Benefit Increase – The proposed budget does include a Health Benefit increase of a \$50 monthly increase to the City's cafeteria plan contribution, bringing the total contribution \$1,000 per month. This is proposed to be effective January 1, 2024, to coincide with the timing of health care cost increases. As a result, the increase would be for six months at a cost of approximately \$11,000 in FY2023-24, and a full year cost of \$22,000 in subsequent fiscal years.

Other Item for Consideration

Position Classification and Compensation Study – The proposed budget does not include the estimated cost of \$40,000 for a position classification and compensation study. Department Directors, managers and staff over the years have made requests for equity adjustments to several positions. The previous position classification and compensation study was completed in 2014. Since that time and in response to City growth, the City has made adjustments on an as needed basis. It is recognized City Council has discretion and the decision-making authority for equity or position classification adjustments, if any, as a result of the analysis of data provided from a study and in consideration of financial impacts.

Capital Projects Fund

The funding source for the Capital Projects Fund is transfers from other funds, including the General Fund (\$1,175,000) and Measure A (\$600,000), as well as the remaining funds from the City's ARPA allocation (\$917,356). Projects funded out of the Capital Projects Fund include:

- Citywide Pavement Management – The City Council made a significant investment in pavement management in FY2022-23 of \$2,578,810. Staff is proposing a similar investment for FY2023-24 in the amount of \$2,517,356 for a combined total of \$5,096,166 for the two years.
- Civic Center Roofs – The Senior Center, City Hall and Fire Department need roofing replacement. This combined project has an estimated cost of \$135,000.
- Flooring Replacement – The carpets in City Hall and the Community Development Annex are very old and in need of replacement. The proposed budget includes \$40,000 for this project.

Vehicle Replacement Fund

The new Vehicle Replacement Fund will set aside funding for vehicle replacements. In the future, staff will evaluate its fleet and the timing of needed replacements and recommend appropriate funding levels to attempt to even out contributions needed to sustain the replacement program. In FY2023-24, staff is proposing an initial transfer of \$750,000 from the General Fund. The proposed vehicles to be purchased in FY2023-24 include:

- Fire Department Command Vehicle – This would be a new vehicle to accommodate the addition of the proposed third Battalion Chief at a projected cost of \$160,000.
- Skid Steer – This would replace the City's 1986 backhoe with a skid steer. The purchase of a skid steer is more economical and would better meet the needs of the City. The purchase of a backhoe would be more expensive and if one was needed, a backhoe may be rented on an as needed basis. The projected cost for the new skid steer is \$90,000.
- Utility Vehicle – The City has a need for an overall utility vehicle to be available for general purpose 4x4 access and emergency response to all areas of Calimesa. The need for this vehicle recognizes the City has several miles of undeveloped terrain and portions of City that are not accessible through paved roads. This vehicle will replace a 2001 Ford Explorer that is in poor condition. The projected cost of a utility vehicle is \$65,000.

Information Technology Replacement Fund

The new Information Technology (IT) Replacement Fund will set aside funding for the City's technology needs, including servers, desktops, laptops, major software, and other IT infrastructure. In FY2023-24, staff is proposing an initial transfer of \$193,900. Proposed purchases in FY2023-24 include:

- The replacement of nine existing desktop computers at a total cost of \$15,900.

- Two new desktops to accommodate the additional proposed staff and a new laptop at a total cost of \$6,000.
- The replacement of an end-of-life server at a cost of \$15,000.
- Implementation and the training staff on the new solar permitting software that is required by the State of California. The software itself is provided and paid for via a state grant. The cost for training and implementation in FY2023-24 is \$30,000 and will be funded through the grant provided by the State of California.
- Various network infrastructure upgrades and replacements at a cost of \$2,000.

Capital Improvement Plan

The proposed Capital Improvement Plan (CIP) from FY2023-24 through FY2027-28 is projected to be \$95 million, including \$13.4 million in FY2023-24. In addition, as of March 31, 2023, there are approximately \$21.2 million in carryover funds from previously approved capital improvement appropriations. Final carryover amounts will be determined once the FY2022-23 books close this Fall. The proposed expenditures presented in the Capital Projects Fund, Vehicle Replacement Fund, and IT Replacement Fund are included in the CIP budget. Other major projects include:

- Library Facility
- Phase 2 of 4th Street Community Park
- Cherry Valley Interchange
- Singleton Road Interchange Phase 1 Improvements and Ultimate Improvements
- Sandalwood Interchange
- County Line Road and Calimesa Boulevard Intersection
- Calimesa Creek and Storm Drain Improvements

These projects are accounted for and funded by the Road Maintenance and Repair Act Fund, Measure A Fund, various Development Impact Fee funds, Federal and State grants, and contributions from the General Fund. During the Budget Workshop meeting, staff will provide an update on each of the above projects.

Community Facilities Districts (CFD)

The City has four active CFD funds: Public Services CFD, JP Ranch, Singleton Heights and Summerwind Trails.

The Public Services CFD requires all new development annex into the CFD. The purpose of the Public Services CFD is to provide revenue for expansion of Fire, Police and Park Maintenance services as the City grows in population and development. The City has utilized the assessments to pay for the increase in Fire Department staffing and the partial funding of the Problem Oriented Policing Officer (POP) and park maintenance costs. These expenditures make up the recommended \$975,000 payment from this fund to the General Fund in FY2023-24.

The remaining three CFD funds have both a facilities component and a maintenance component. The facilities component is used to reimburse the developers for certain facilities built and Development Impact Funds developers are required to pay. The maintenance component is

used to provide revenue to the City for developer dedicated public improvements. These typically include landscaping, streets, storm drains, and other improvements which the City must assume maintenance of in perpetuity. The maintenance component also provides revenue for staff, materials and contracts for maintenance services. The City is in the process of accepting improvements in all three of these CFDs.

Reserves

Based on the proposed budget, total reserves including the Capital Projects, Vehicle Replacement, and Information Technology funds at June 30, 2024 are projected to be \$7,289,290, or 79% of General Fund expenditures. A breakdown of available reserves is as follows:

<u>Reserve</u>	<u>Projected Balance at 6/30/2024</u>
General Fund Contingency Reserve (35% of General Fund Expenditures)	\$ 3,243,344
General Fund Parks and Trails	75,000
General Fund Unreserved Fund Balance	3,323,011
Capital Projects Fund Balance (Fund 16)	57,935
Vehicle Replacement Fund Balance (Fund 75)	435,000
Information Technology Reserve Fund Balance (Fund 76)	<u>155,000</u>
TOTAL RESERVES	\$ <u>7,289,290</u>

Summary of City Council Priorities

The FY2023-24 proposed budget supports the City Council’s priorities as identified on page one of this correspondence. Included below is a selection of proposed significant expenditures that support City Council priorities:

PROJECTS	CITY COUNCIL PRIORITIES				
	Quality of Life	Economic Development	Infrastructure Int/Ext	Community Engagement	Financial Stability
Citywide Pavement Management Program	P	P	P		P
Facility Improvements - Senior Center, City Hall & Fire			P	P	P
Information Technology, Servers, & Software		P	P	P	P
Fire Department Apparatus Engineers & Batt Chief	P		P	P	P
City Clerk Document Management			P		
Animal Control Expanded Services	P			P	
Police Safety Cameras	P	P	P		P
Vehicles - Fire Department, Fleet, & Skid Steer	P		P		P
Finance & Planning Professional Staff		P		P	P

City Manager Kolbow requested that the Council provide direction regarding the proposed Budget FY 2023-2024 and stated that it was staff's intention to bring the budget for Council approval at the June 5th regularly scheduled Council meeting.

David Zaitz, Calimesa resident requested that additional police officers be included in the budget, as well as the installation of cameras at the Summerwind park to provide for security at the park as the 4th Street Community Park has. He further expressed that the City should have 14 officers pursuant to the current population and a 2019 DOJ Study.

After discussion there was Council consensus to accept the draft budget as presented with the selection of Option A under Community Development to approve the request by the Planning Director to add a Planning Technician I position with a projected cost of \$81,434 including salary and benefits.

There was further Council consensus that the budget document was well done and expressed appreciation to staff for their attention to detail and their efforts to maintain a balanced budget.

ADJOURNMENT

Meeting was adjourned at 5:37 p.m. to the Regular Meeting of the City Council on Monday, June 5, 2023 at 6:00 p.m.

Respectfully Submitted,



Darlene Gerdes, City Clerk

MOTION BY COUNCIL MEMBER CERVANTEZ,
SECONDED BY COUNCIL MEMBER MANLY, CARRIED
5-0 TO APPROVE THE MINUTES OF MAY 22, 2023,
SPECIAL MEETING AS PRESENTED.

APPROVED: June 5, 2023

