



City of El Cajon

JOINT SPECIAL MEETING

*City Council/Housing Authority/Successor Agency
to the El Cajon Redevelopment Agency*

June 13, 2017 at 2:00 p.m.

Council Chambers
200 Civic Center Way
El Cajon, CA 92020

Agenda

- **CALL TO ORDER:** Mayor Bill Wells
- **ROLL CALL:** City Clerk Belinda Hawley

PLEDGE OF ALLEGIANCE TO FLAG AND MOMENT OF SILENCE

***1.1 FISCAL YEAR 2017 - 2018 PRELIMINARY ANNUAL BUDGET**
(Informational Letter and Verbal Report)

ADJOURNMENT: The Joint Special Meeting of the El Cajon City Council/El Cajon Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 13th day of June 2017 is adjourned.



City Manager

June 13, 2017

Mayor, City Council and El Cajon residents,

I am pleased to present you with the Fiscal Year 2017-18 Preliminary Annual Budget. The budget is a funding proposal based upon the Five-Year Business Plan and the Comprehensive Annual Financial Report (CAFR). The proposed budget focuses funding priorities on maintaining quality on-going operations, as well as significant policy or capital decisions that have previously been made by the City Council, or being newly proposed at this time.

As has been the case in recent years, this proposal represents a balanced budget, wherein projected operating revenues will match or exceed projected operating expenditures. However, unlike previous budgets, the only manner in which we can present this as a balanced budget, is by using the projected budget surplus from the current fiscal year (FY2016-17), for this coming fiscal year (FY2017-18). The actual revenues for Fiscal Year 2017-18, itself, are expected to be less than projected expenditures, by approximately \$1.5 million.

This represents a serious warning signal to the City regarding future budget challenges, almost entirely due to escalating required contributions to the California Public Employees Retirement System (CalPERS), and the resulting financial burden this is placing upon cities throughout California, including El Cajon.

For this current fiscal year that will end on June 30, 2017, we estimate that the City's General Fund will outperform the Fiscal Year 2016-17 budget by \$1.7 million. \$1.5 million of that amount will be needed to balance the upcoming budget. The remainder will likely be needed for increased salaries and benefits once labor negotiations are completed with the Firefighters Association and the Police Officers Mid-Management Association.

In this proposed budget, service levels are maintained while building towards future stability by funding dedicated reserves and capital needs. It is my belief that El Cajon's future stability will be secured through prudent spending, strategic fiscal planning and

aggressive economic development. Nevertheless, as the CalPERS funding crisis grows, this will, unfortunately, require the City of El Cajon to make very difficult and even unpopular choices well into the future.

The proposed Fiscal Year 2017-18 budget includes funding for a number of key City Council priorities, including:

Fiscal Stability

- Balanced budget (with use of current year surplus)
- Maintaining a 20% reserve
- Utilizing the PERS reserve fund to assist in paying future pension costs projected by the State of California
- Growing the Economic Uncertainty Fund when possible
- Budget recognizes financial savings due to recent implementation of contracting of janitorial and paramedic services during the past two years. During FY2017-18, the City Manager will seek additional contracting opportunities to accomplish City services

Economic Development

- \$300,000 is budgeted for Economic Development activities to permit the City to create partnerships and assist and encourage business development in El Cajon. Key examples of this in the recent past include the formation of the El Cajon Valley of Cars, the new BMW dealership, the Marriott Courtyard Hotel, Tipton Honda and hopefully another outstanding new auto dealership, support of the East County Business Incubator and the East County Economic Development Corporation.
- Completing the sale and development of the former Police site for the purposes of constructing a second, major high quality hotel. Entitlements are expected to be before the City Council in July, 2017, with construction of a Hampton Hotel by Hilton to follow in 2018.
- Completion of the EIR and land use program to implement the El Cajon Housing Element
- Study of private development options at the El Cajon Transit Center in conjunction with MTS

Public Safety

- Authorizing three new firefighter\paramedic positions within the Fire Department, for the purposes of establishing an innovative and first ever for the City of El Cajon "First Responder" team, separate and in addition to the traditional use of fire trucks and engines for such uses.
- Authorizing, effectively, three new positions within the Police Department, for the purposes of increasing police outreach into the community, addressing homeless issues, and providing enhanced public safety, in general. This will be accomplished by the hiring of two new police officers (one sergeant and one officer) and the hiring of a civilian manager for the Animal Shelter, which will permit an existing police sergeant to transfer from these duties to traditional police duties.

- New exhaust systems for Fire Stations 8 and 9
- Fire Station Extractors
- Security gates at multiple City parks
- Traffic Calming Project in conjunction with Cajon Valley High School
- Significant Safe Routes to Schools sidewalk improvements, in conjunction with Cajon Valley Union School District
- Continued implementation of the Homeless Outreach Team (HOT) program, in conjunction with the Sheriff's Department, to humanely assist homeless individuals in need

Public Infrastructure

- Construction of the Animal Shelter
- On-going aggressive Street Re-Paving Program
- Traffic signal improvements on Fletcher Parkway/Broadway
- Whittset Storm Drain Rehabilitation
- Significant funding toward citywide pedestrian safety and ADA improvements
- Continuing Phase Two of the Johnson Avenue Sewer Project
- City Council Chambers Audio/Visual Improvements
- Next phase of the Citywide LED streetlight retrofit program
- Washington/Chase Signal Upgrade

Recreation, Culture and Public Events

- Renovation and re-opening of the East County Performing Arts Center
- Complete Phase 1 of Wells Park improvements and commence Phase 2 improvements
- Next phase of Stoney's Neighborhood Park (adjacent to Reagan Community Center)
- America On Main Street, a community celebration of the American spirit
- Hauntfest, a family friendly Halloween event
- RunEC, a St. Patrick's Day half marathon, five kilometer, and one mile fun run through the heart of downtown
- Mother Goose Parade, a family oriented parade through the streets of El Cajon in November
- This past year saw 165,000 – 190,000 people attending downtown El Cajon major public events, further enhancing our City's image and exposing the general public to downtown's progress and businesses.

CONCLUSION

While the "Great Recession" is now in our past and the economy continues to slowly grow, we must continue to exercise caution. The situation involving CalPERS is now affecting local jurisdictions throughout the State and will create increasingly serious financial challenges in the coming years for this City. Approximately two-thirds of the City's budget is personnel costs and pensions. Therefore, we must be especially disciplined in how many people the City employs and the wages and benefits that the City provides. This will be the City's great challenge in the coming years.

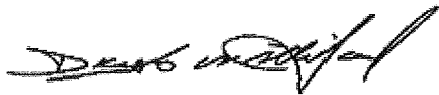
This proposed budget meets the challenges of the current state of the economy and, through a conservative fiscal policy, addresses the opportunities of the future. Future budgets will need to continue this direction, although likely with even greater fiscal discipline.

On the foundation of fiscal stability, the City continues to provide outstanding services to the residents of El Cajon. The Police and Fire Departments provide an umbrella of safety and security under which the community can thrive. The combined efforts of the Community Development, Public Works, and Recreation Departments work to create an improving quality of life for our residents and businesses. Together, they endeavor to provide the infrastructure and the business environment for a resurgent community.

This budget is the culmination of the dedicated efforts of the entire El Cajon team, led by the City Council. Without the City Council's continued leadership, stability and vision, this City cannot thrive. The excellent executive team and their respective departments are to be commended for their expertise and cooperation in preparing this budget. The outstanding Finance Director and Finance staff are to be commended for their exhaustive work and expertise in bringing forth this document.

Finally and most importantly, my staff and I continue to be grateful and are honored to serve the residents of this great City of El Cajon.

Respectfully submitted,



Douglas Williford
City Manager