

2013-15 Fiscal Year Budget

City Council Meeting

June 18, 2013

Budget Overview

- Economic growth continues
- Budget is structurally balanced
- Balance achieved through short-term solutions
- Long-term solutions will be identified
- Challenges still ahead

2013-15 Budget Overview

Balanced budget covering all funds:

Fund Type	2013-14	2014-15
General Operating Funds	\$ 45.28M	\$ 43.20M
Enterprise Funds	\$ 9.73	\$ 10.62
Special Revenue Funds	\$ 15.17	\$ 11.69
Internal Service Funds	\$ 7.93	\$ 7.44
Less: Transfers Between Funds and Inter-fund Charges	<u>(\$19.02)</u>	<u>(\$19.35)</u>
Total 2013-15 Appropriations	<u>\$ 59.09M</u>	<u>\$ 53.60M</u>

General Fund 2013-15 Budget Overview

- Estimated financial condition at June 30, 2013:
 - Revenues and expenditures on track
 - Expect surplus of \$165,000
- 2013-2015 budgeted revenues and expenditures:

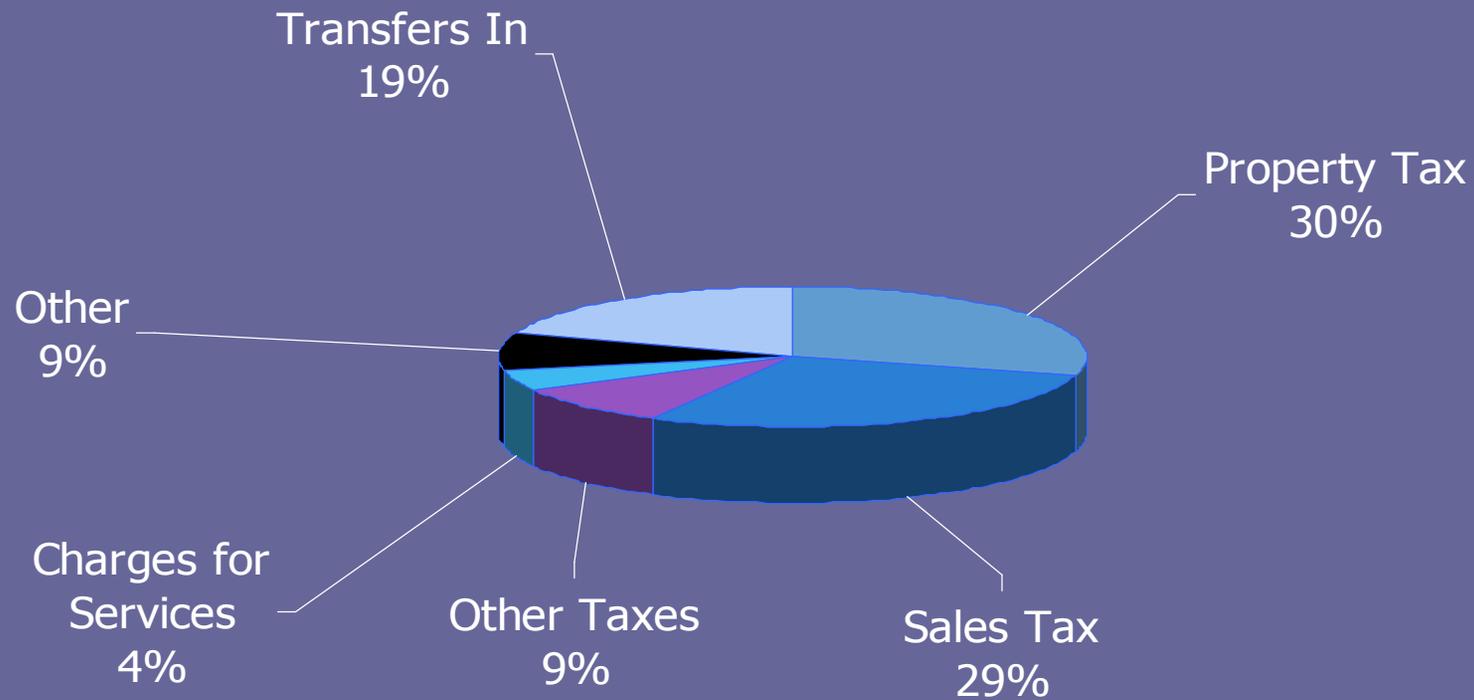
Budget	2013-14	2014-15
Projected Revenues	\$ 33.16M	\$ 32.43M
Projected Expenditures	\$ 33.16M	\$ 32.02M

General Fund Revenues

Major Sources of Revenues:

Revenue	2013-14	2014-15
Property Tax	\$ 9.73M	\$ 10.11M
Sales Tax	\$ 9.44M	\$ 9.79M
Transfers In	\$ 6.41M	\$ 6.57M
Other Taxes	\$ 3.12M	\$ 3.17M
Charges for Services	\$ 1.49M	\$ 1.51M
Other Revenues	<u>\$ 2.97M</u>	<u>\$ 1.28M</u>
Total Revenues	<u>\$33.16M</u>	<u>\$ 32.43M</u>

General Fund 2013-14 Sources of Revenue



General Fund Revenues Property and Sales Tax

Property Tax

- Steady growth
- Growth assumption = 4%
- Budget = \$9.73M
- Revenue has been historically stable
- Expect future growth of 4%

Sales Tax

- Consistent growth
- Growth assumption = 5%
- Budget = \$9.44M
- High in 2006-2007 of \$9.44M
- Expect future growth of 3-5%

Other General Fund Revenues

- **Occupancy Tax:**
 - Growth of 2-3%
 - Tourism and hotel occupancy is up statewide
 - 2013-14 Revenues = \$1.49M
 - 2014-15 Revenues = \$1.53M
- Overall, minimal growth in service revenues

General Fund 2013-15 Appropriations

General Fund Expenditures:

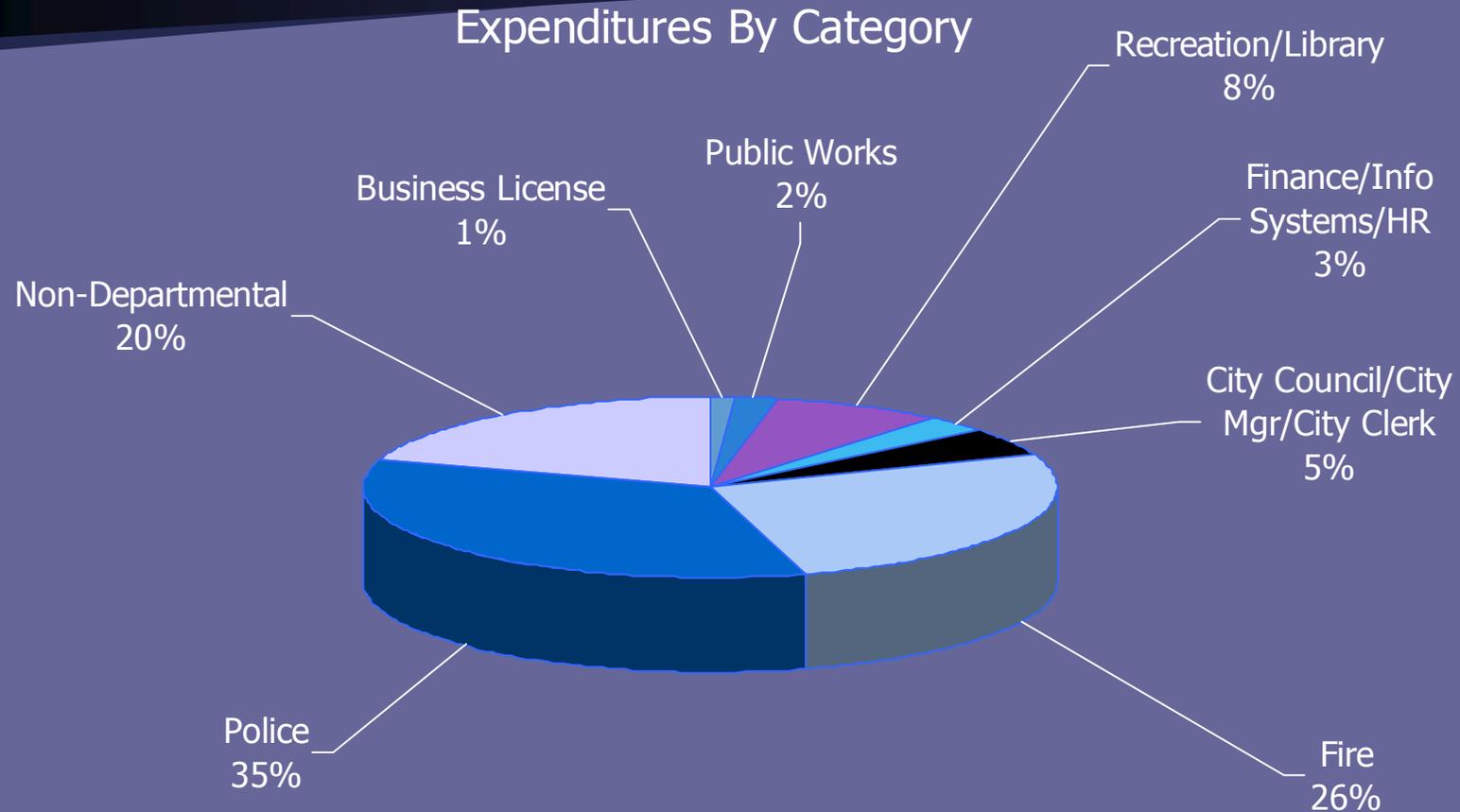
Expenditure Type	2013-14	2014-15
Personnel	\$ 22.16M	\$ 22.46M
Maintenance & Operations	\$ 8.08M	\$ 8.04M
Transfers to Other Funds & Special Projects	<u>\$ 2.92M</u>	<u>\$ 1.52M</u>
Total Expenditures	<u>\$ 33.16M</u>	<u>\$ 32.02M</u>

General Fund 2013-2014 Expenditures

Expenditures By Type



General Fund Overview 2013-2014 Expenditures



General Fund Expenditures

Personnel Costs

- Personnel costs
 - 67% of General Fund budget
 - Decrease of 1.5% in 2013-14; increase of 1.3% in 2014-15
 - Pension rates continue to increase; employee contributions will help to offset increases

General Fund Expenditures Pension Costs

PERS Costs –

- Approved rate increases to begin in 2015-2016

Employee Group	Estimated Increase in Rate Over Next 10 Years
Miscellaneous	+ 6.3%
Public Safety	+ 10.5%

- Estimated additional increases (not yet approved)

Employee Group	Possible Increase in Rate
Miscellaneous	+ 4-8%
Public Safety	+ 4-8%

General Fund Expenditures *Pension Costs*

- Pension Cost Savings Achieved Through:
 - Employee Contributions
 - Public Employee Pension Reform Act (PEPRA)
 - Savings realized in future years
 - Affects “new” employees hired after January 1, 2013
 - Estimated savings of \$50K-\$100K beginning in 2014-2015

General Fund Budget Balancing Methods

General Fund budget gap of \$1M was balanced through the following reductions/additional revenue:

Budget Item	Additional Revenue	Budget Reduction	Total
Fire Dept. Equip Replacement & Training		\$15,000	\$15,000
Contribution to GF Reserve		\$400,000	\$400,000
Contribution to Facilities Reserve		\$200,000	\$200,000
Adjust Operating Budgets		\$85,000	\$85,000
Increase Overhead Rate By 1%	\$185,000		\$185,000
Temporary Hiring Freeze	_____	<u>\$115,000</u>	<u>\$115,000</u>
Total Savings	<u>\$185,000</u>	<u>\$815,000</u>	<u>\$1,000,000</u>

General Fund Summary

- General Fund is structurally balanced. Balance achieved through:
 - Expenditure reductions/Increased overhead revenue
- Estimated financial condition at June 30, 2013:
 - Revenues and expenditures on track
 - Expect modest surplus of \$165,000
- Reserve for operating contingency:
 - Has been flat since 2010-2011
 - Target = 20%; Current reserve = 14%
 - Will address as part of long-term fiscal sustainability review

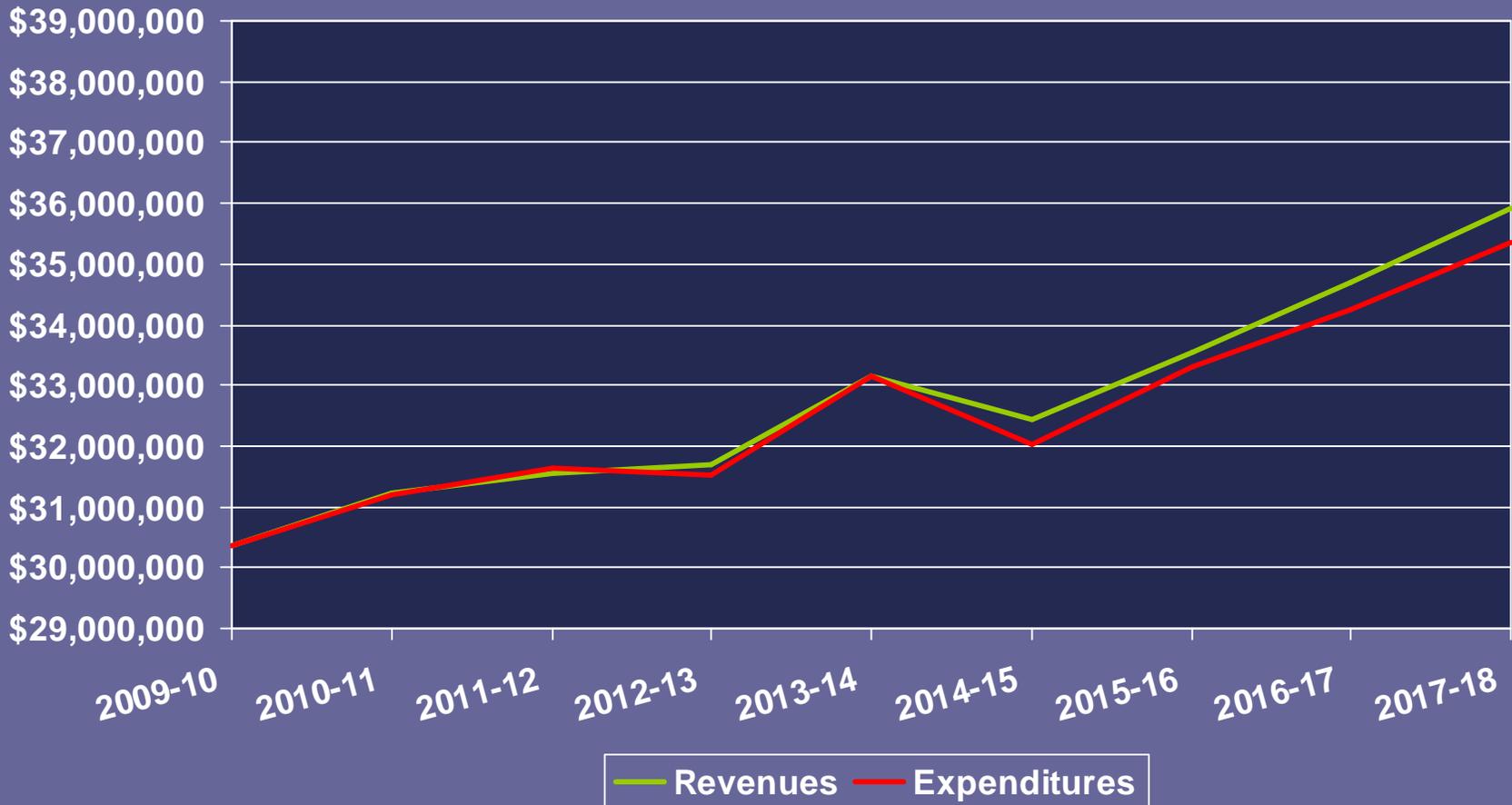
2013-2015 Fiscal Year Budget

General Fund Long Range Forecasts

General Fund Five-Year Forecast

- Expenditure Assumptions
 - Personnel Costs = 3% increase
 - Maintenance & Operations = 2% increase
- Revenue Assumptions
 - Sales tax = 3-5%
 - Property Tax = 4%
 - Other Revenues = modest increases
- Estimates based on the following assumptions:
 - Long-term fiscal responsibility is a priority
 - Cost-containment and realistic revenue growth
 - Funding for reserves, when possible

General Fund Five-Year Forecast



Other City Funds

- Other City funds cover discretionary and restricted revenue sources and expenditures
- Estimated appropriations
 - FY 2013-2014 = \$44.95M
 - FY 2014-2015 = \$40.93M
- Estimated budgeted revenues
 - FY 2013-2014 = \$47.42M
 - FY 2014-2015 = \$43.50M

Other City Funds 2013-15 Budget Overview

Fund Type 2013-2014	Expenditures	Revenues
General Operating Funds	\$ 12.12M	\$ 11.83M
Enterprise Funds	\$ 9.73M	\$ 10.60M
Special Revenue Funds	\$ 15.17M	\$ 15.46M
Internal Service Funds	<u>\$ 7.93M</u>	<u>\$ 9.53M</u>
Total 2013-14 Budget	<u>\$ 44.95M</u>	<u>\$ 47.42M</u>

Fund Type 2014-2015	Expenditures	Revenues
General Operating Funds	\$ 11.18M	\$ 10.84M
Enterprise Funds	\$ 10.62M	\$ 10.94M
Special Revenue Funds	\$ 11.69M	\$ 12.66M
Internal Service Funds	<u>\$ 7.44M</u>	<u>\$ 9.06M</u>
Total 2014-15 Budget	<u>\$ 40.93M</u>	<u>\$ 43.50M</u>

Other City Funds

- Key funds for discussion:
 - Newly Subsidized Funds
 - Community Development Block Grant (CDBG)
 - Monrovia Area Partnership (MAP)/Affordable Housing
 - Asset Forfeiture
 - Storm Drain Fund
 - Water Fund

Other City Funds General Fund Subsidies (New)

General fund subsidies will be provided to the following funds for the first time:

Fund	Subsidy
CDBG/Code Enforcement	\$79,900
MAP Program	\$81,000
Asset Forfeiture	<u>\$70,000</u>
Total	<u>\$230,900</u>

Storm Drain Maintenance Fund

Ongoing Costs

Ongoing Costs (beginning in 14-15):

- Increase in annual operating costs of \$346K per year for ongoing maintenance of catch basins and new permit program requirements
- Funding to be provided (up to \$500K) by Waste Fund reserves
 - Will need to look at long-term solutions within next 12-24 months

Storm Drain Maintenance Fund One-Time Costs

One-Time Costs:

- Trash screens to be installed in catch basins by June 30, 2014:

- Estimated one-time cost = \$1.05M (*includes LA County permit fees*)
- Additional unfunded strategic plan costs = \$91,500
- Total = \$1.14M

- Funding to be provided through internal borrowing:

- Water Fund Reserves
- Repayment = Waste Franchise Fees:
 - \$100K-\$150K per year through 2017
 - May decrease in future years (down to \$50K or less)
 - Will return to Council in 2 years with update

Water Fund

- Revenues remain flat due to conservation efforts
- Funding is available for operating expenses:
 - Annual operating shortfall is approximately \$500K
 - Annual shortfall covered by temporary use of reserves
- No funding is available to set aside reserves
 - Will need to consider options for funding future capital assets and infrastructure:
 - Possible rate increases (Subject to Prop 218 rules)

Other Items

- **Plan Monrovia**
 - Funding identified for 2/3 of strategic action items
 - Will need to evaluate funding for remaining unfunded items
- **Council Budgets**
 - Council business budgets adjusted to \$1,000
 - Separate travel budget established each year
- **Long-term fiscal sustainability study**
 - Evaluate cost saving/revenue generating measures
 - Will return to Council in September 2013

Fees and Charges

New Items/Increases

- Annual review by departments
- Fees set by
 - Statute
 - Survey
 - Periodic cost study
- Cost of providing service compared to fee charged

Fees and Charges New Items/Increases

Community Development: New Fees

Service Description	New Fee	Cost Recovery %	Comments
Master Sign Program review	\$260	100%	Survey performed. However, new proposed fee is based on Monrovia's review process
DRC – Major Determination	\$255	100%	Survey performed. However, new proposed fee is based on Monrovia's review process
DRC – Minor Determination	\$120	100%	Survey performed. However, new proposed fee is based on Monrovia's review process
Wireless Facility: Administrative Services	\$950	100%	Survey performed. However, new proposed fee is based on Monrovia's review process

Fees and Charges

New Items/Increases

Community Development: Fee Increases

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Business License Application – New	\$25	\$30	61%	Surveyed 5 surrounding cities and results varied greatly. New fee results in a higher cost recovery %.
Business License Application – Renewal	\$11	\$15	56%	Surveyed 5 surrounding cities and results varied greatly. New fee results in a higher cost recovery %.

Fees and Charges New Items/Increases

Community Services: New Fees

Service Description	New Fee	Cost Recovery %	Comments
Parking Fees at Canyon Park: Disabled Person Vehicle Parking Pass – Annual	\$45	82%	Surveyed 10 local parks/recreation areas. Established discounted fee like other agencies. Fee is based on industry surveyed average of \$43.

*All Community Services Fees have been approved by
the Community Services Commission*

Fees and Charges

New Items/Increases

Community Services: Fee Increases

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Equipment Rental: Canopy (Priority I Rate)	\$25	\$35	Cost recovery on rentals is 5% of operations	Surveyed 4 rental companies. Increased fee to come close to the industry surveyed average of \$52.
Equipment Rental: Canopy (Priority II Rate)	\$20	\$25	Cost recovery on rentals is 5% of operations	
Canyon Park Rental: Cabin Use-All Day (Priority I Rate)	\$300	\$350	100%	Surveyed 4 local parks. Increased fee to come close to the industry surveyed average of \$358.
Canyon Park Rental: Cabin Use-All Day (Priority II Rate)	\$225	\$265	76%	
Canyon Park Rental: Fireman's Flat – Day Use (Priority I Rate)	\$65	\$75	93%	Surveyed 4 local parks. Increased fee to come close to the industry surveyed average of \$95.
Canyon Park Rental: Fireman's Flat – Day Use (Priority II Rate)	\$50	\$60	75%	
Parking Fees at Canyon Park: Bus Daily Rate	\$8	\$10	72%	Surveyed 4 local parks/recreation areas. Increased fee to come close to the industry surveyed average of \$28.

FY 2013-15 Budget Summary

- All funds balanced for 2013-2015
- Balanced budget achieved through
 - Pension cost sharing
 - Increased overhead rate (General Fund)
 - Adjustment to M & O operating budgets
 - Postponement of funding for additional reserves
- Strategic plan priorities incorporated into budget; however, some items remain unfunded
- Fiscal sustainability review will be ongoing process

FY 2013-15 Fiscal Year Budget

Questions and Answers

2013-15 Budget

City Council Meeting

June 18, 2013