

2012-13 Fiscal Year Budget

City Council Meeting

June 19, 2012

City Council Priorities

- I. Fiscal Responsibility
- II. Public Safety
- III. Economic Development
- IV. Citizen Participation
- V. Quality City Personnel
- VI. Quality of Life
- VII. City Infrastructure
- VIII. Transportation
- IX. Support of Education
- X. Affordable Housing
- XI. Youth Policies
- XII. Environmental Preservation

Budget Overview

- Economy is showing signs of slow, but steady, growth
- Budget is structurally balanced
- Balance achieved through modest revenue growth and cost containment
- Redevelopment losses incorporated into budget
- Based on City Council Priorities

Budget Overview

Fund Appropriations 2012-13

- Balanced budget covering 42 Funds:

| | |
|--|-----------|
| General Operating Funds | \$ 44.86M |
| Enterprise Funds | \$ 9.88 |
| Special Revenue Funds | \$ 16.76 |
| Internal Service Funds | \$ 7.27 |
| Less: Transfers Between Funds and Interfund Charges | (\$19.65) |
| Total 2012-13 Appropriations | \$ 59.12 |

General Fund Overview

- Good news: Signs of steady growth
- Challenges: Continued cost containment
- Estimated financial condition at June 30, 2012:
 - Revenues and expenditures on track
 - Expect surplus of \$32,000

General Fund Review

- FY 2012-13 Projections:
 - Projected revenues: \$31.97M
 - Projected expenditures: \$31.72M
- 2012-2013 budgeted surplus of \$245,000
- One time deficit of \$650,000 remains; continues to be made up each year; reduced to \$405K in 2012-2013

General Fund Revenues

- Projected revenues: \$31.97M
- Major Sources of Revenue:
 - Property Tax \$9.57M
 - Sales Tax \$8.82
 - Transfers In \$7.19
 - Other Taxes \$3.20
 - Charges for Services \$1.44
 - Other Revenues \$1.75

General Fund Sources of Revenue



General Fund Revenues

Property and Sales Tax

Property Tax

- Slow, but steady, growth
- 4% Growth; \$361,000
- Budget = \$9.5M
- Revenue has been historically stable
- Expect future growth of 4%

Sales Tax

- Steady Recovery
- 5% Growth; \$413,000
- Budget = \$8.8M
- High in 2006-2007 of \$9.4M
- Expect future growth of 3-5%

Other General Fund Revenues

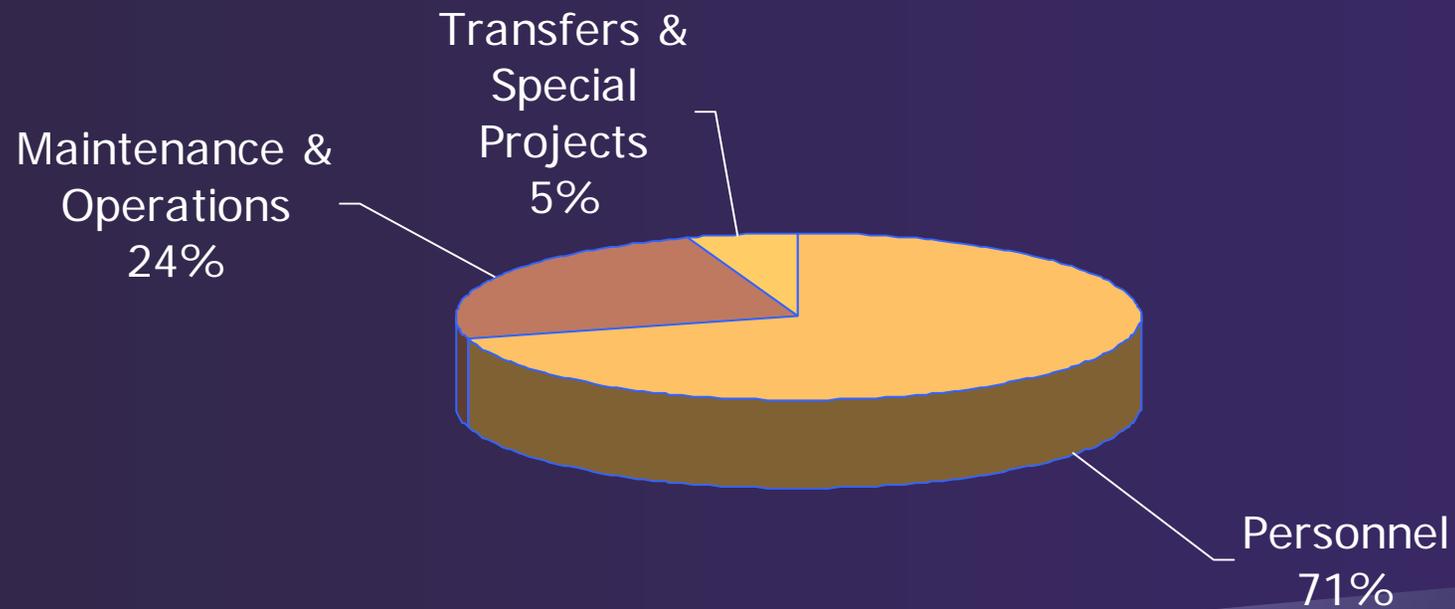
- Occupancy Tax
 - 2012-13 budget = \$1.2M; modest growth of 2%
- Steady to slow growth in service revenues
- Some growth due to fee increases/realigning fees with cost of services

General Fund Expenditures

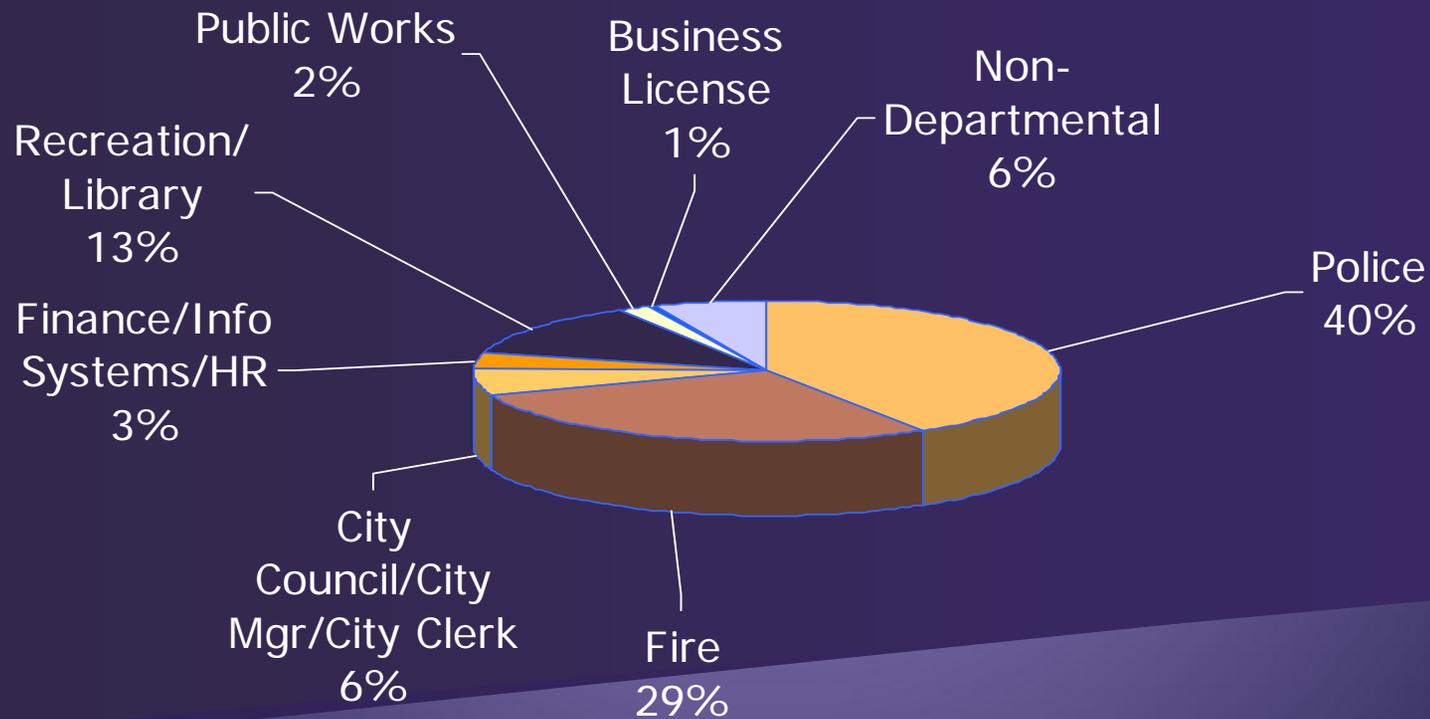
FY 2012-13 Proposed Budget

- Projected expenditures: \$31.72M
 - Personnel Costs = \$22.46M
 - Maintenance & Operations = \$7.56M
 - Transfers to Other Funds and Special Projects = \$1.70M

General Fund Review Expenditures



General Fund Review Expenditures



General Fund Expenditures

FY 2012-13 Proposed Budget

- Personnel costs
 - 71% of General Fund budget
 - 2 to 3% average cost increase
 - Continue to experience cost benefits of recent downsizing and retirements
 - Two-tier retiree medical program was implemented in 2009

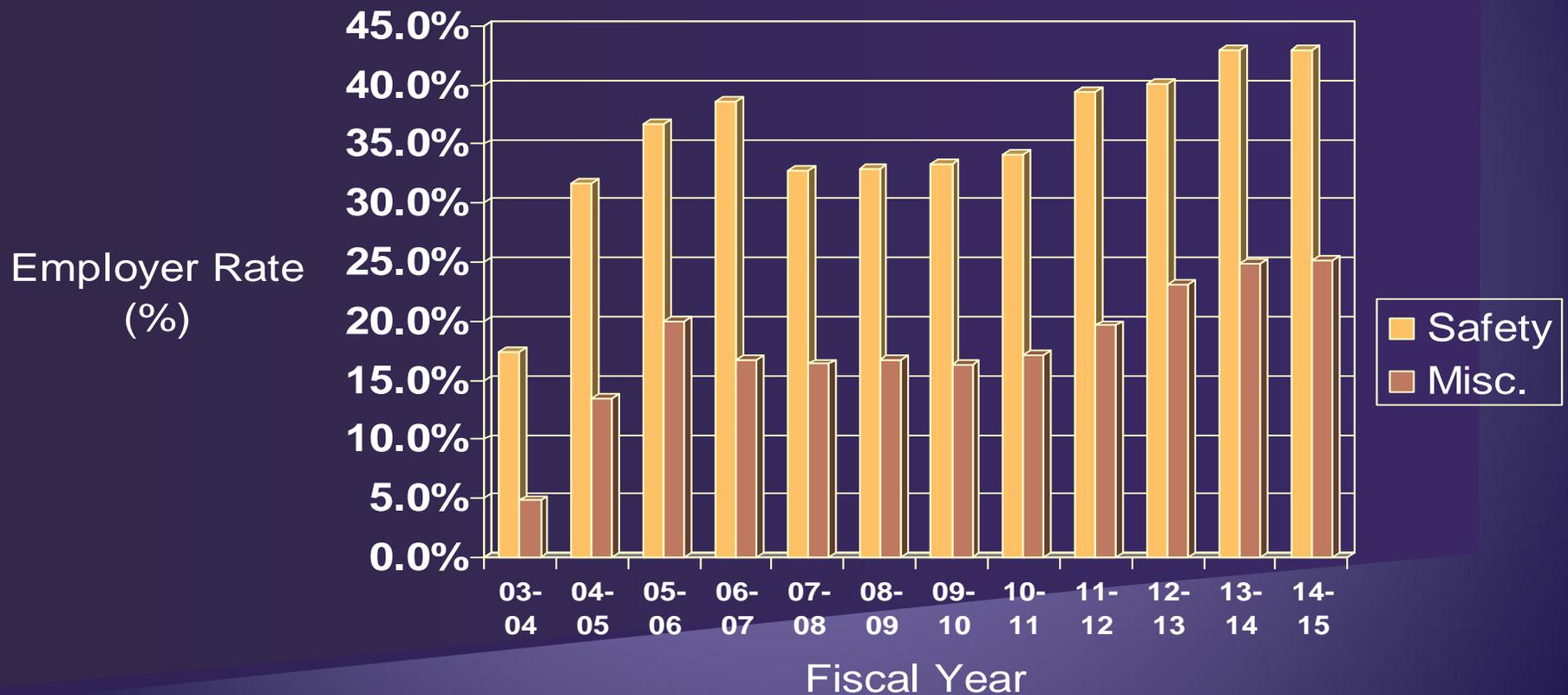
General Fund Expenditures

FY 2012-13 Proposed Budget (cont.)

- PERS Costs –
 - Employer rates will continue to increase
 - Will negotiate with employee groups to pick up more of the share of pension costs; full pickup of PERS employee cost by 2013-2014
 - Two-tier pension model will be discussed with employee groups during negotiation process; Annual savings of \$100,000 by 2014-15

General Fund Expenditures

PERS Employer Rates



Principles of Public Employee Compensation

- City Council Priority No. I
 - Fiscal Responsibility
 - Employees shall pay for the employee share of retirement costs
 - City's PERS program will reflect sustainable actuarial horizons
 - City total workforce costs must not exceed 75% of net operating expenses
 - Time accruals will be monitored and utilized to ensure that separating employees' payouts are minimized
- City Council Priority No. V
 - Quality City Personnel
 - City shall set compensation competitively, based on department mission, program priority, and market forces

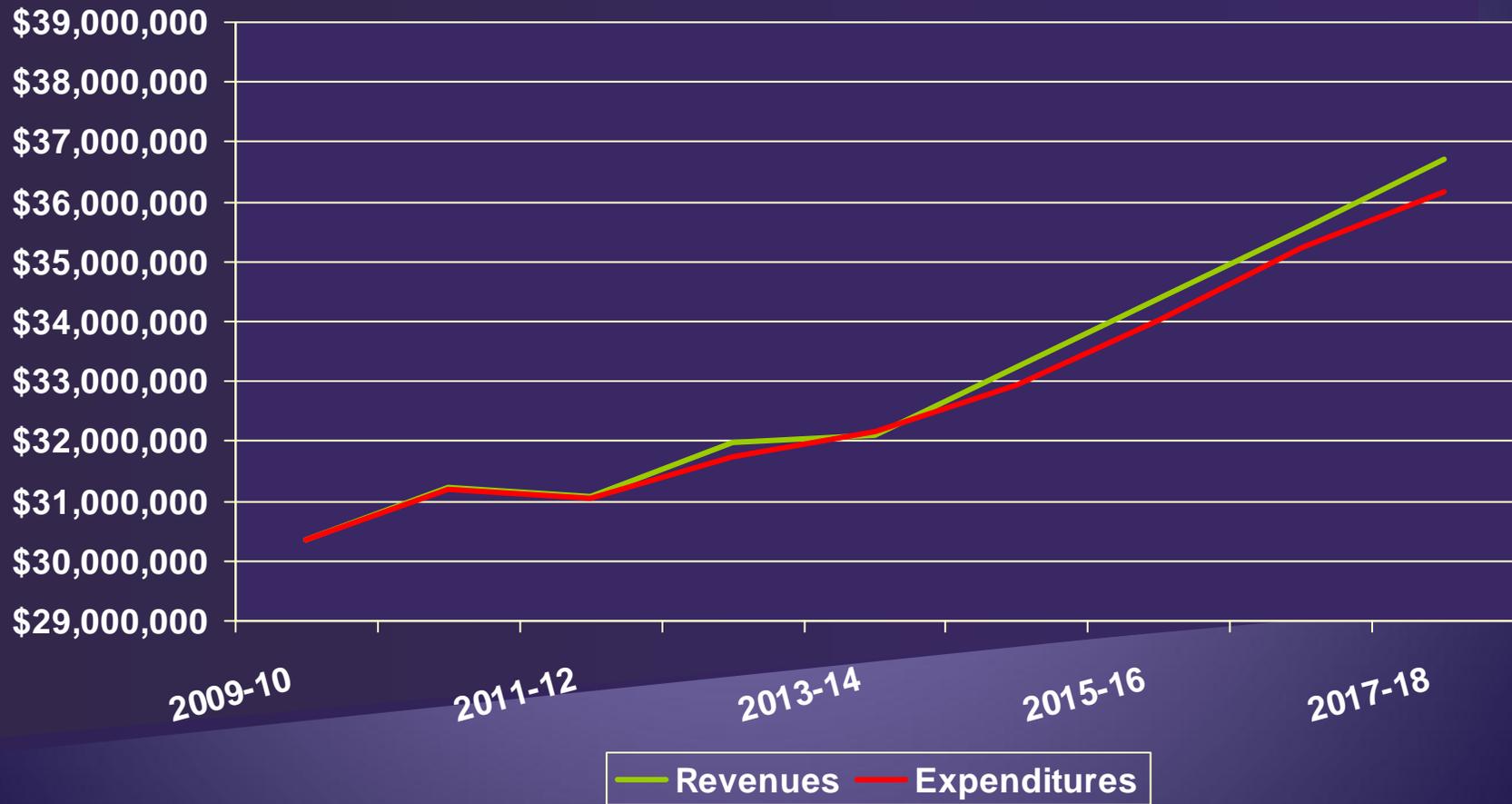
2012-2013 Fiscal Year Budget

General Fund Long Range Forecast

General Fund Five Year Forecast

- Revenue Assumptions
 - Sales tax = 3-5%
 - Property Tax = 4%
 - Other Revenues = modest increases
- Expenditure Assumptions
 - Personnel Costs = 2-3% increase
 - Maintenance & Operations = .5% increase
- Estimates are based on the following assumptions
 - Fiscal Responsibility must remain top priority
 - Cost-containment (compensation policy)
 - Public safety of residents and businesses is priority

General Fund Five Year Forecast



Other City Funds

- 41 funds covering all discretionary and restricted revenue sources and expenditures
- Estimated appropriations budgeted for FY 2012-2013 is \$47.04M
- Estimated budgeted revenues for FY 2012-2013 is \$46.53M

Other City Funds

- Key funds for discussion:
 - Housing Development Fund (CDBG)
 - Street Maintenance Fund
 - Capital Improvement Fund
 - Storm Drain Maintenance Fund

Community Development Block Grant (CDBG)

- Total appropriations = \$303,492
- 21% reduction in federal funding for 2012-13
- Total reduction is approximately \$66,000
- Critical programs for safe and healthy neighborhoods will remain, just at reduced levels (scaled back)

Other Funds

- Street Maintenance Fund
 - Total appropriations = \$3.3M
 - Funding for street resurfacing projects and operations
 - Annual Street Resurfacing program is ongoing; Prop. C funding used (\$500,000)
- Capital Improvement Projects
 - Total appropriations = \$2.7M
 - Transit Village street design improvements
 - Federal Transportation and MTA funding
 - \$16.5 million in public improvements from Gold Line
 - Chantry Flats road repair- FEMA funding

Storm Drain Maintenance Fund

- Revenues support cleaning and maintenance operations
- Clean Water Act Requirements
 - Mandates installation of trash screens in catch basins; estimated to cost \$850,000
 - Major unfunded mandates around the corner
 - Staff is currently reviewing the draft permit and will provide recommendations later this summer
 - New permit expected in September 2012

Loss of Redevelopment

- Elimination of Redevelopment Agencies ("RDA") February 1, 2012:
 - Lost ability to assist development in blighted areas
 - Still have ability to promote and sell Monrovia to people and businesses through City's economic development efforts
 - Successor agency (City of Monrovia) remains to wind-down former agency's affairs

Loss of Redevelopment

Budget Implications

- Initial loss of \$1.5M/Net loss is \$1M (after staffing and cost allowances)
- Budget implications:
 - Personnel: 7 positions were funded through redevelopment
 - 3 will still be funded
 - 1 through the Housing Authority
 - 2 through direct project cost allocation and the administrative cost allowance (revenue) received
 - 2 employees moved into existing vacant positions
 - 4 vacant City-wide positions eliminated

Loss of Redevelopment Budget Implications

- Other RDA elimination budget implications:
 - Increase overhead charges to all City operations by 1%
 - Reduce phone system and finance computer system replacement allocations
 - Vehicle/equipment replacement expenditures deferred

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 Fees

- Community Services
 - 4 New Fees:
 - IT Staff Fee
 - Equipment Rental
 - Canopy
 - Portable Stage
 - Portable Sound System
- Public Works
 - 1 New Fee:
 - Encroachment Permit (annual)

Fees and Charges

New Fees (cont.)

- Police
 - 6 New Fees:
 - Animal Control
 - Kennel fee
 - Dead animal pick-up: Large dog (over 70 lbs)
 - Vaccination Fees:
 - 6-1
 - Bordatella
 - FVRCP
 - General Municipal Ordinance Enforcement
 - Penalty (if fine is not paid on time)

Fees and Charges

Fee Increases

- Fee increases made in the following departments to help cover the increasing cost of providing services:
 - Community Services
 - Community Development
 - Public Works
 - Police Department

FY 2012-13 Budget Summary

- All funds balanced for 2012-13
- Balanced budget achieved by:
 - Pension cost sharing
 - Two tier retirement system
 - No increase in staffing
- Staff will come back to City Council in six months for a mid-year budget review

FY 2012-13 Fiscal Year Budget

Questions and Answers

2012-13 Budget

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