

# *2011-13 Fiscal Year Budget*

*City Council Budget Study Session*

*May 31, 2011*

# *2010-2011 Program Budget Study Session*

- General Fund Financial Forecast
- Other Key City Funds
- Redevelopment Agency
- Fees and Charges
- City Council Priorities
- Departmental Work Programs (June 6)

# *General Fund Review*

- Estimated financial condition at June 30, 2011:
  - Cash reserved for economic uncertainties - \$4.9 million (15%)
  - City Council goal is to reach and maintain a 20% (of General Fund budget) reserve level
  - 20% = \$6.3 million
- Good news is current year surplus of \$188,000; bad news is one time deficit of \$509,000 remains (made up in future years)

# *General Fund Revenues*

## *Sales Tax*

- Down 25% from 2006-07 to 2009-10; lost revenue of over \$2M
- Retail sales back up in 2010-11
  - 5% growth this year
  - Projecting another 5% next year
  - \$236,000 growth
- 4 to 5 years to fully recover lost revenue

# *General Fund Revenues*

## *Property Tax*

- 3% growth rate in current year
- 4% next year; in part due to property tax in-lieu's (motor vehicle fees and sales tax swap)
- Reassessments minimal (assessed value reductions)
- New revenue of \$357,000

# *General Fund Expenditures*

## *FY 2011-13 Proposed Budget*

- Increase to Facilities Improvement Fund - \$153,000
- Increase to Liability Insurance Fund - \$120,000
- Increase in Retirement Fund contributions - \$200,000 (from \$300k to \$500k)
- Increase in retiree health costs (and other operational costs) - \$100,000
- Prior year deferred replacement of vehicle fleet - \$225,000 (one time savings last year)
- Reduction in contribution to reserves for Economic Uncertainty (\$200k to \$0)

# *General Fund Expenditures*

## *FY 2011-13 Proposed Budget (cont.)*

- Personnel cost increases –
  - 2 to 3% average cost increase
  - For 2011-12, with retirements and downsizing, overall personnel cost increases are small
  - For 12-13, personnel cost growth more in line with average

# *General Fund Expenditures*

## *FY 2011-13 Proposed Budget (cont.)*

- OPEB and PERS Costs - *Monrovia leading by example*
  - Two-tier retiree medical program implemented in 2009; move to 401(k) style program
  - Monrovia employees now pay a portion of PERS costs; will negotiate with employee groups to pay more of employee portion (over period of time)
  - Two-tier pension model will be discussed with employee groups

# *Principles of Public Employee Compensation*

- City Council Priority No. I
  - Fiscal Responsibility
  
- City Council Priority No. V
  - Quality City Personnel

# *Principles of Public Employee Compensation*

- City shall set compensation competitively, based on department mission, program priority, and market forces
- Employees shall be compensated at the average of comparable cities
  - Merit compensation increases and bonus consideration based solely on performance and fund availability
- Employees shall pay for the employee share of retirement costs

# *Principles of Public Employee Compensation*

- 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

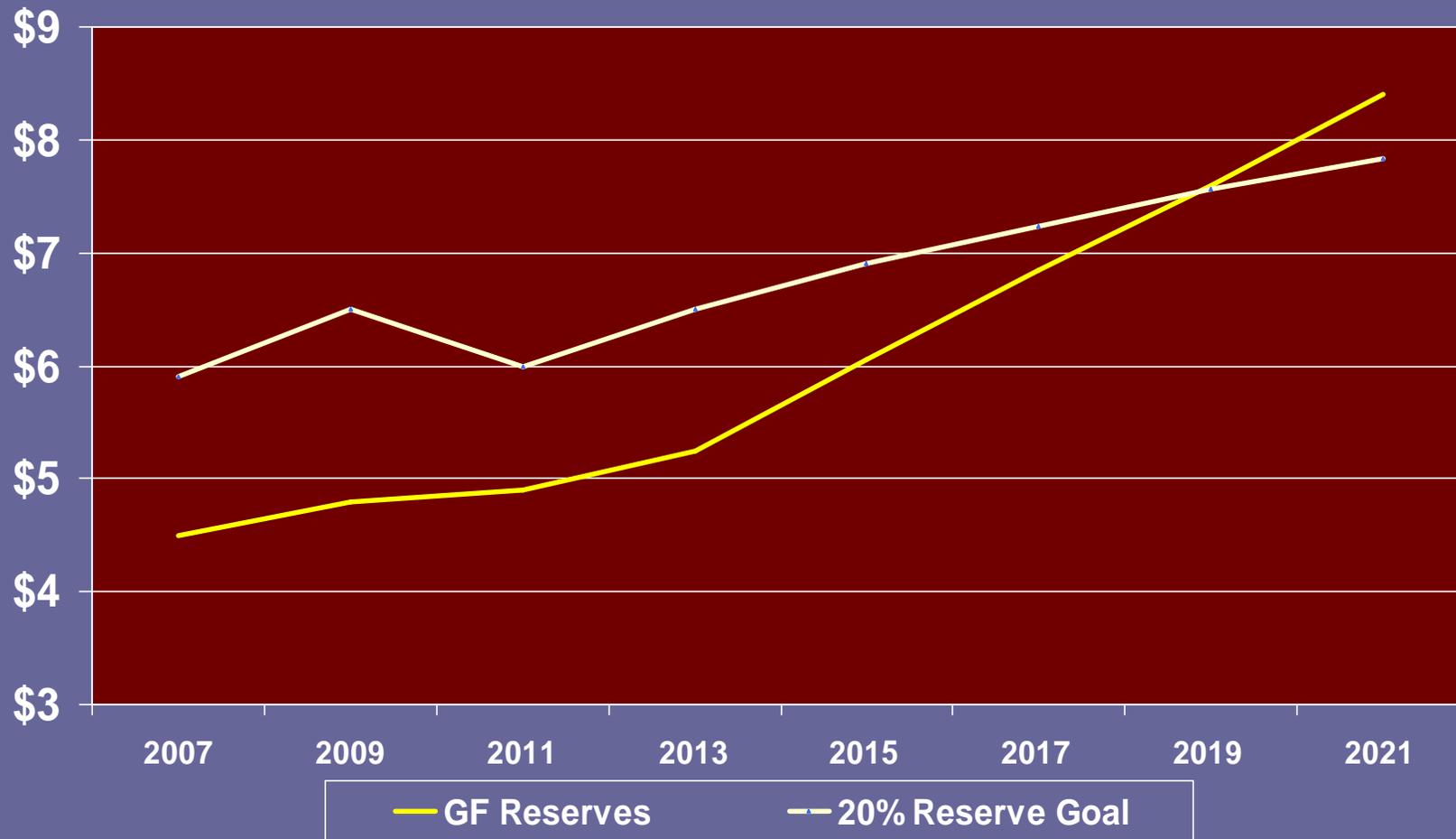
# *General Fund Expenditures*

## *FY 2011-12 Proposed Budget (cont.)*

- Projected revenues: \$31,891,000
- Projected expenditures: \$31,885,000
- Reserve Fund of \$4.9M (15%)
- For 2012-13:
  - Projected revenues: \$32,356,000
  - Projected expenditures: \$32,305,327

# General Fund Reserves

## Long Range Forecast - 20% Reserve Level

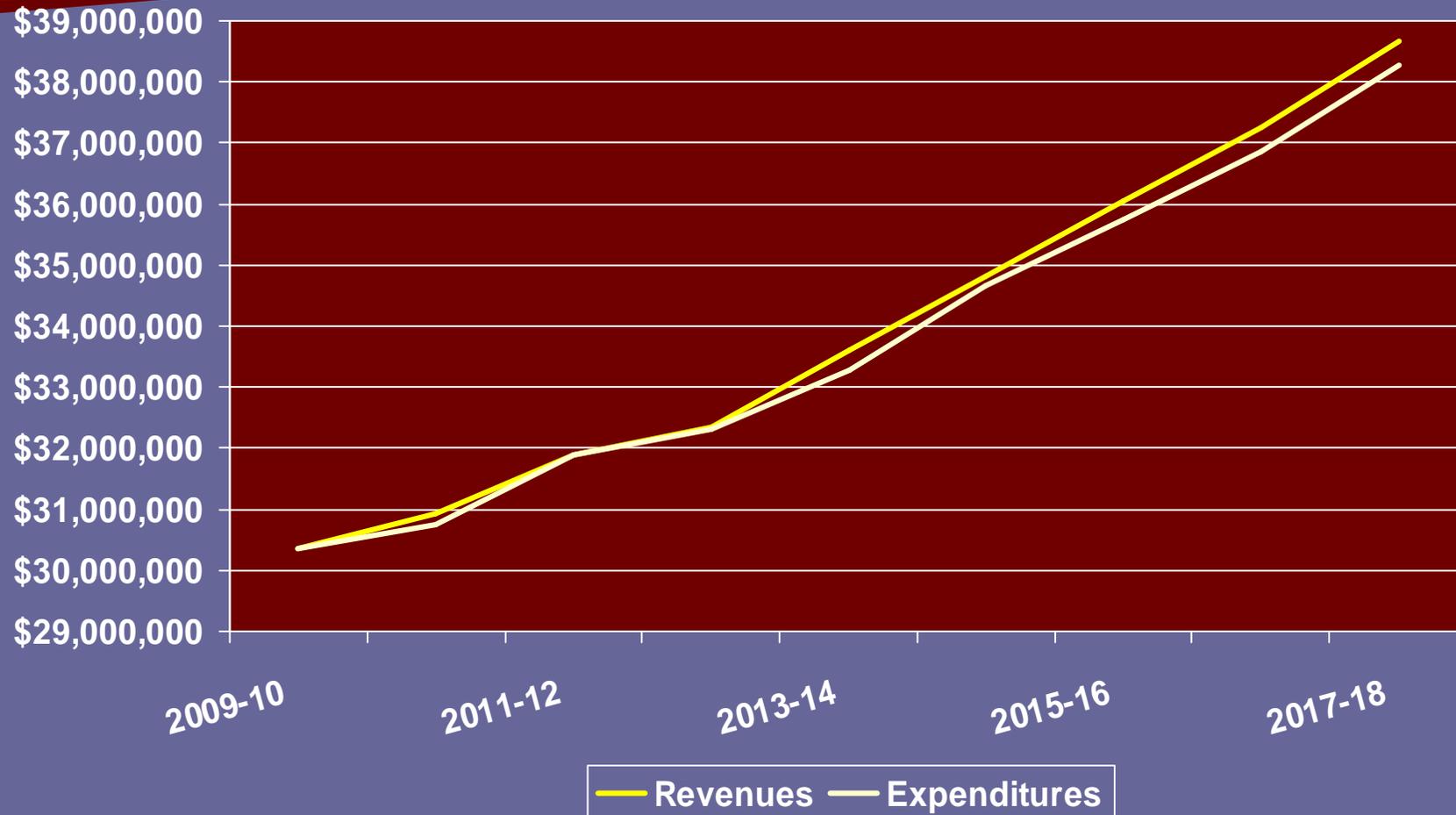


# *General Fund*

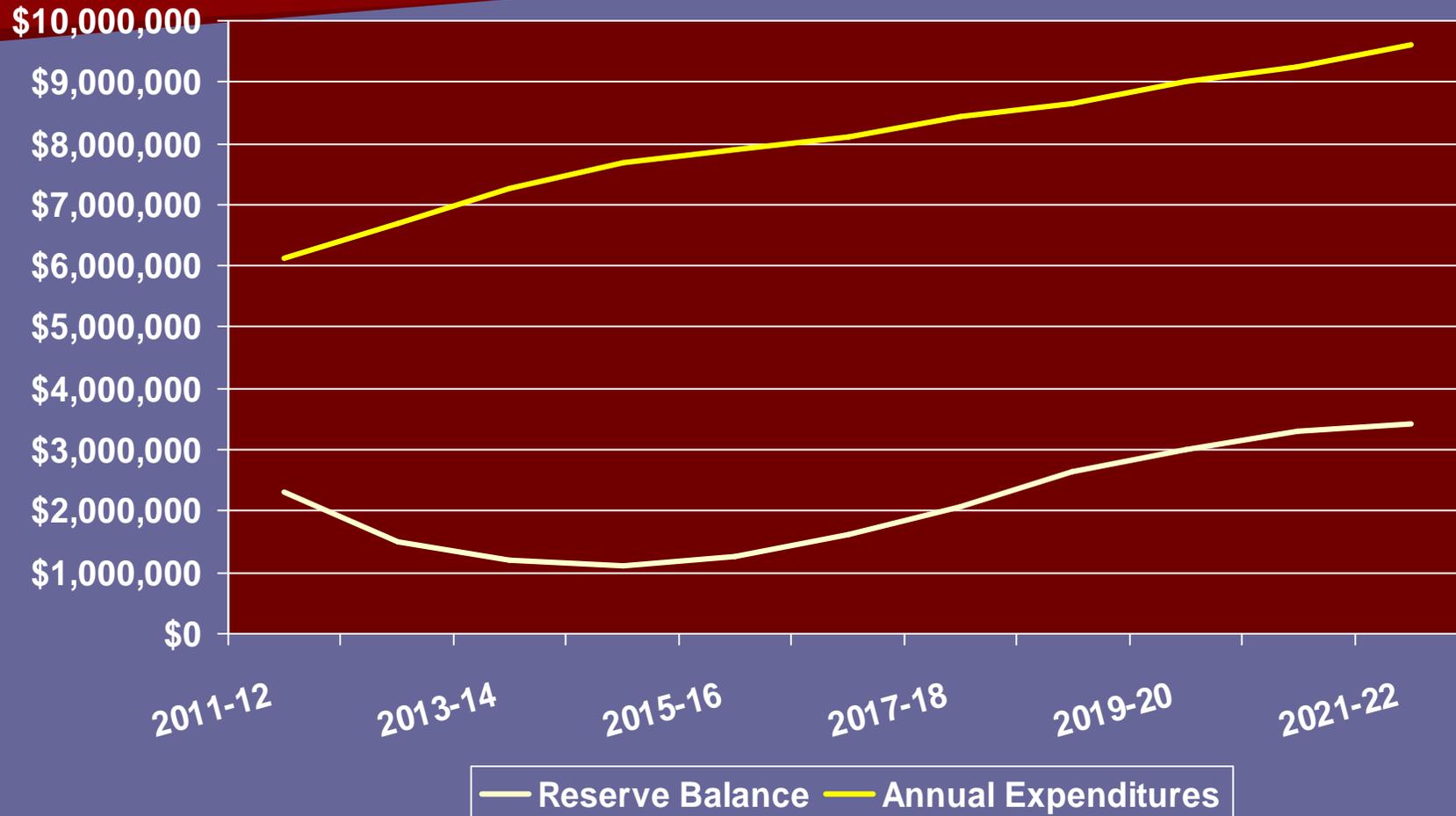
## *Five Year Forecast*

- Revenues and expenditures expected to increase, 17% and 16%, respectively
- Very conservative estimates on revenue and expenditure sides
  - Fiscal Responsibility must remain top priority
  - Cost-containment (compensation policy)
  - Public safety of residents and businesses is goal number one

# General Fund Five Year Forecast



# Retirement Fund Long Term Projections



# *Community Development Block Grant (CDBG) Fund*

- Funding for 2011-12 down 8% from prior year; additional 7.5% pending
- Reductions could total \$60,000
- Critical programs for safe and healthy neighborhoods
  - Will be funded with Affordable Housing funds

# *Street Maintenance Fund*

- Prop 42 transportation revenues replaced by increased Gas Tax revenues
  - Approximately \$400,000 annually
  - Funding for street resurfacing projects and operations
- Federal “ARRA” funds used for:
  - Huntington Drive resurfacing project
  - Traffic signal installation/upgrade
- Annual Street Resurfacing program reinstated - \$465,000

# *Capital Improvement Projects*

- Station Square street design improvements
  - Federal Transportation and MTA funded
- Train Depot Building renovation
  - Federal Transportation and Prop C funded
- 5<sup>th</sup> Ave. and Huntington Drive
  - Covering of the Santa Anita Wash (federal earmark)
- Chantry Flats road repair
- Clamshell road repairs

# *Liability Insurance Fund*

- \$1.8M in internal service charges (revenue) from other departments
- \$200,000 increase from prior year
- Need to hold claim costs flat
- Incorporate certain claim costs directly into departments' operating budgets
  - Department Accountability Program
- Three year goal is to increase reserve balance to \$1,000,000

# *Worker's Compensation Insurance Fund*

- \$1M in internal service charges (revenue) from other departments
- No increase from prior year
- Huge spike in claim costs in 2009-10; depleted reserves
- Department Accountability Program also in effect
- Three year goal is to increase reserve balance to \$600,000

# *Facilities Reserve Fund*

- \$1.5M in internal service charges (revenue) from other departments
- Increase of \$227,000
- Estimated contribution to reserves is \$200,000
- Minor building “fix-its” will still be done
- Goal is to build \$2M fund balance to address future needs

# *Storm Drain Maintenance Fund*

- Revenues support the cleaning and maintenance operations
- Clean Water Act mandates installation of new catch basins
  - \$800,000 cost over four years
- Major unfunded mandates around the corner

# *Citywide Fund Summary*

- 46 funds covering all discretionary and restricted revenue sources and expenditures
- Estimated appropriations budgeted for 2011-12 is \$51,695,729
- Estimated appropriations budgeted for 2012-13 is \$55,246,348

# *Redevelopment Agency*

# *Redevelopment Agency*

## *Property Tax Increment Revenues*

- 3% projected growth
  - \$260,000 in new property tax revenue
  - \$9.7M total tax increment
- \$9M pays for debt service obligations
- \$2.2M annually for low/moderate housing

# *Redevelopment Agency*

## *Economic Development Projects*

- Maintenance Facility for Gold Line (GLCA)
  - Sale of property could occur in FY 2011-12
  - Or not; MRA will market proposed site
- Station Square
  - Sale of properties
  - Development of Phase IA
  - Public improvements
- Marketing of Fifth Ave. & Huntington Drive, Myrtle & Huntington, and Old Town

# *Redevelopment Agency*

## *Affordable Housing Developments*

- Monrovia Area Partnership
  - Grants and clean-ups
  - MAP Neighborhood Beautification Crew
- \$7M bond issue done to generate one time proceeds for affordable housing

# *Redevelopment Agency Fund Summary*

- All debt obligations will be met
- All funds contain projected balanced budgets for the 2011-13 budget
- Total budgeted appropriations of \$11,918,486 in 11-12; \$10,931,270 in 12-13

# *Fees and Charges*

## *New Items/Increases*

- Fees set by
  - Periodic cost study
  - Survey
  - Statute
- Community Services Commission & Library Board recommendations
  - Hold the line

# *Fees and Charges*

## *New Items/Increases*

### ■ Community Services

#### – Increases:

- Podium rental fee \$50 to \$55
- TV/VCR/DVD rental fee \$75 to \$80
- Screen rental fee \$40 to \$50

### ■ Public Works

- Environmental impact fee \$2.33 to \$2.42

# *Fees and Charges*

## *New Items/Increases*

- Community Development
  - Wireless facilities (CUP's, reviews, exceptions)
  - Covenant preparation
  - Increases:
    - Major CUP permit review \$1,050 to \$1,100
    - Major variance review \$1,050 to \$1,100
    - Exceptions review \$285 to \$300
    - Misc dev. Review (new const.) \$155 to \$165
    - Misc dev. Review (additions) \$130 to \$137
    - Historic preservation – Mills Act \$450 to \$470
    - Temporary banner review \$5 to \$6
    - Window/Awning Sign Permit \$10 to \$11

# *City Council Priorities*

- I. Fiscal Responsibility
- II. Public Safety
- III. Economic Development/  
Redevelopment
- 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

# *FY 2011-13 Budget Summary*

- All funds balanced for 2011-13
- Balanced budget achieved by
  - Pension cost sharing
  - Increased overhead rates
  - Two tier retirement system
  - No increase in staffing
- *Balanced budget* will be presented for Council approval at the June 21 meeting

# *2011-13 Two Year Budget*

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*May 31, 2011*