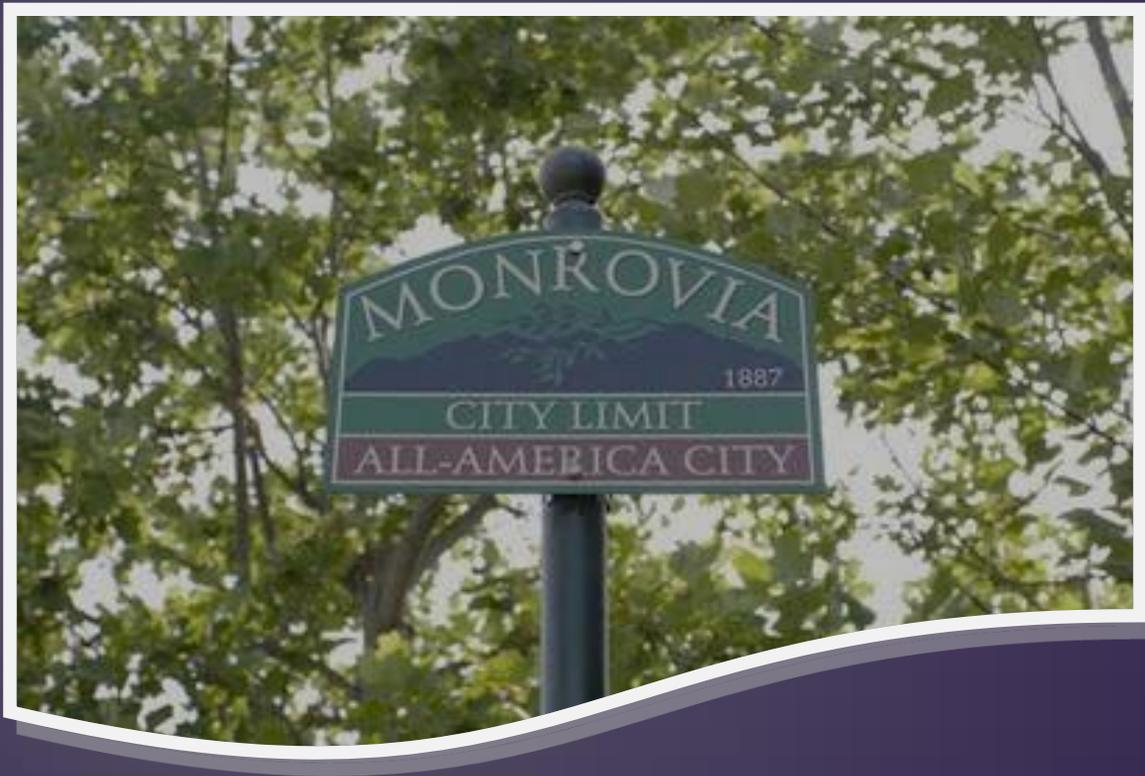


City Council Budget Study Session

May 27, 2014



2014-15 Fiscal Year Budget



Overview

- Study Session Recap
- Economic Overview/Challenges Ahead
- General Fund
- Other City Funds
- Monrovia Housing Authority/Monrovia Successor Agency
- Fees and Charges
- Questions and Answers

Study Session Recap

- Eight sessions covering the following seven topics:
 - Overview of the City's finances
 - Pension Costs
 - Expenditures
 - Fund Reserves
 - Revenues/Fees and Charges
 - Deferred Maintenance
 - Capital Improvements

Study Session Recap

- Study session goals/objectives:
 - Provide background/explanation of City's finances/budget
 - Discuss critical long-term issues
 - Lay groundwork for FY 14/15 and future budget decisions
- Critical focal points emerged:
 - Deferred maintenance
 - Revenue generation

Economic Overview

- Economy continues to show growth
 - Unemployment is lowest since September 2008
 - Taxable sales and property values continue to grow
 - Construction and tourism doing well
- Governor's 14-15 May Revise proposes no new cuts to cities

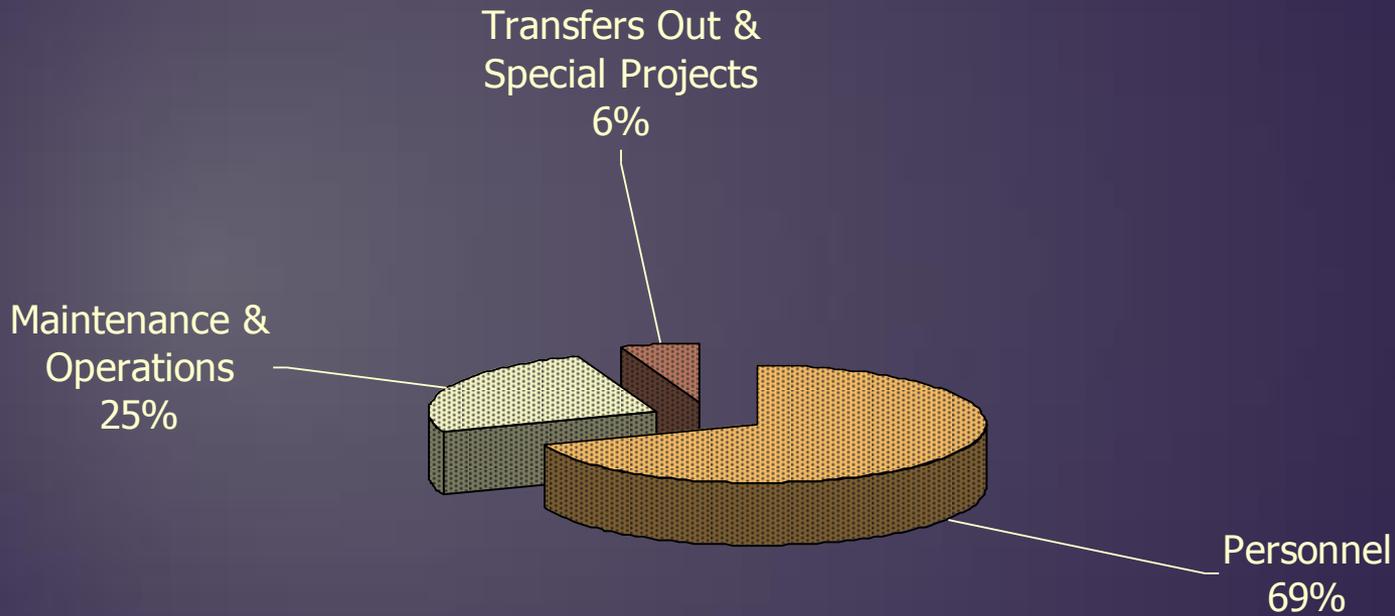
Challenges Ahead

- Challenges Ahead
 - Catching up on deferred maintenance
 - Revenue growth needed to keep track with expenditure growth
 - Continue to realign budget based on what City can truly afford
 - Ongoing increases in pension costs
- Will provide Council with quarterly updates

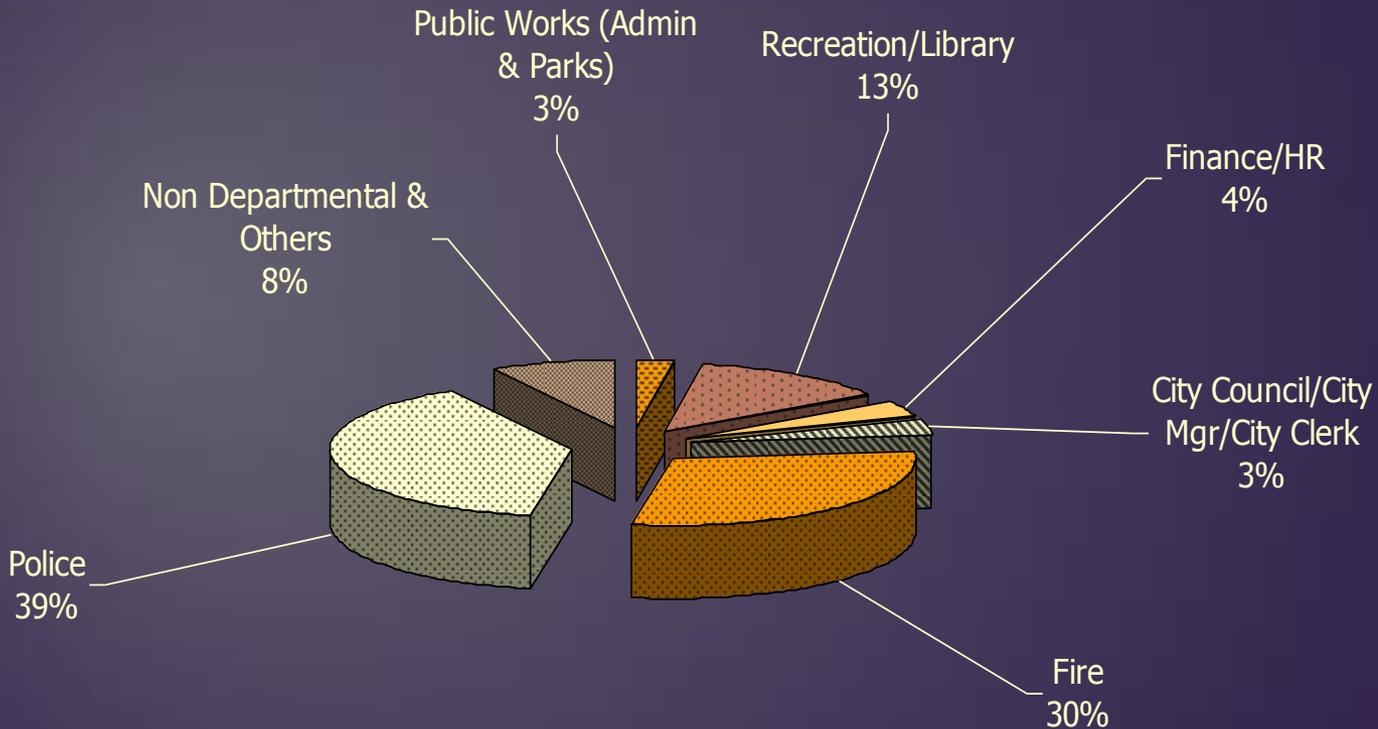
General Fund Preliminary Budget

- Fiscal year 2014-2015
 - Preliminary budgeted expenditures: \$32.93M
 - Personnel Costs = \$22.78M
 - Maintenance & Operations = \$8.32M
 - Special Projects = \$.46M
 - Transfers Out = \$1.37M
 - Preliminary budgeted revenues: \$34.65M
 - Taxes = \$22.82M
 - Other Revenue = \$5.11M
 - Transfers in = \$6.72M

General Fund Preliminary Expenditures By Type

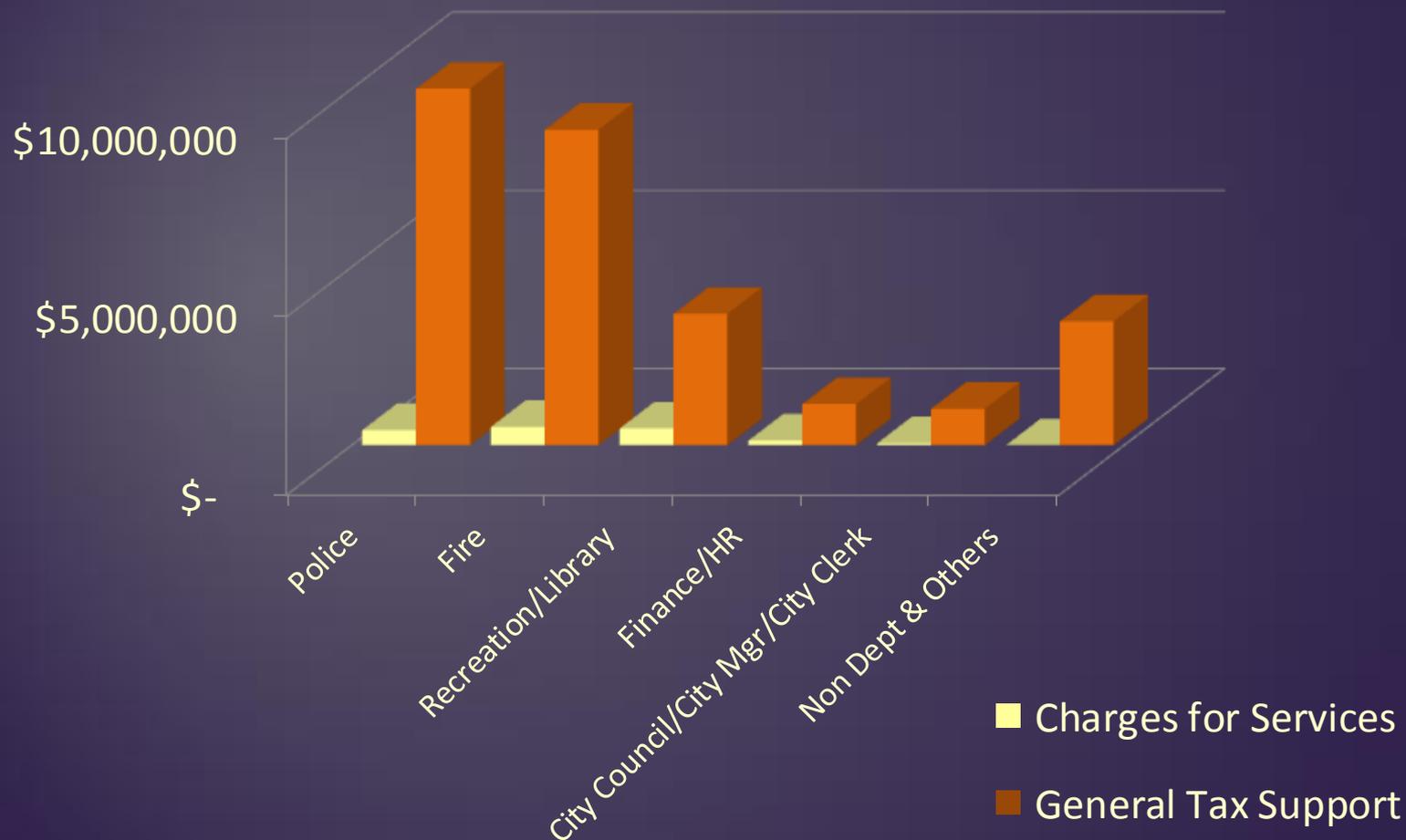


General Fund Preliminary Expenditures By Category



General Fund Overview

2014-2015 Support By Category



General Fund Preliminary Expenditures

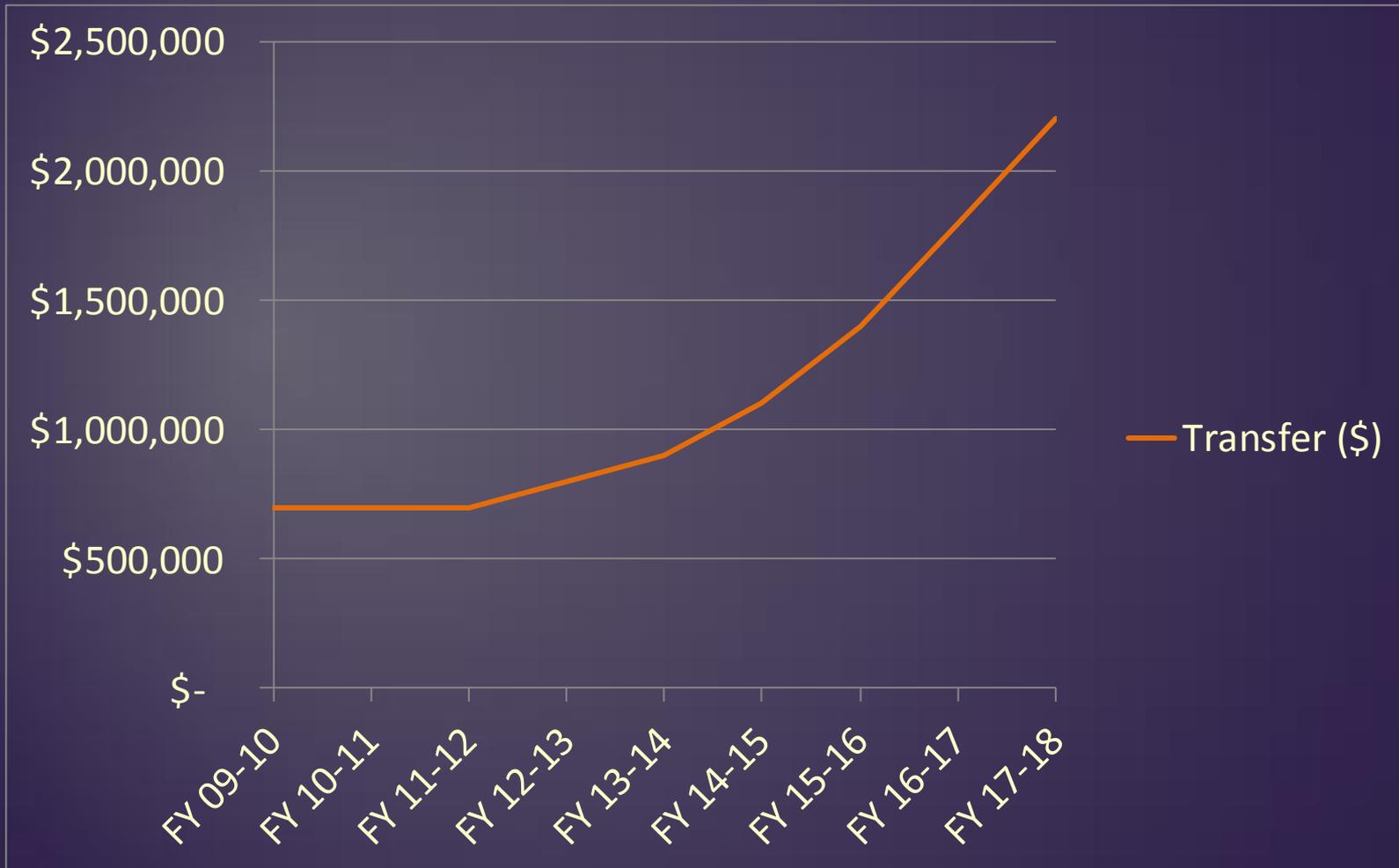
- M & O
 - Slight increase based on department operational needs
- Personnel costs
 - Increase of 1.5% in 2014-15
 - As pension rates continue to increase, employee contributions will continue to help offset increases
 - General Fund transfer to Retirement Fund = \$1.1 M

General Fund

Support to Other Funds

Program	FY 13/14 Support	FY 14/15 Support	Comments
Community Development Block Grant (CDBG)	\$64,449	\$66,216	Slight increase in operational expenditures
Asset Forfeiture	\$90,000	\$115,000	Revenues estimated to be less than originally expected; one-time monies offset running deficit
Monrovia Area Partnership (MAP)	\$72,428	\$79,001	Slight increase in operational expenditures
Monrovia Public Library	\$10,000	\$10,000	Required match for Literacy Grant funding
Retirement Fund	\$900,000	\$1,100,000	Increase needed to cover increase in PERS rates

General Fund Support to Retirement Fund



General Fund

PERS Rate Impacts

- PERS Costs –
 - *CalPERS rate increases over last several years:*
 - *Change in discount rate – Already factored in rates*
 - *Change in actuarial methodology - Begins FY 15-16*

Employee Group	Estimated Increase (10-Year Phase In)
Miscellaneous	+ 6.3%
Public Safety	+ 10.5%

- *Change in mortality assumptions – Begins FY 16-17*

Employee Group	Estimated Increase (5-Year Phase In)
Miscellaneous	+ 5.0%
Public Safety	+ 7.0%

- *All changes have been factored into projections*

General Fund

PERS Rate Impacts

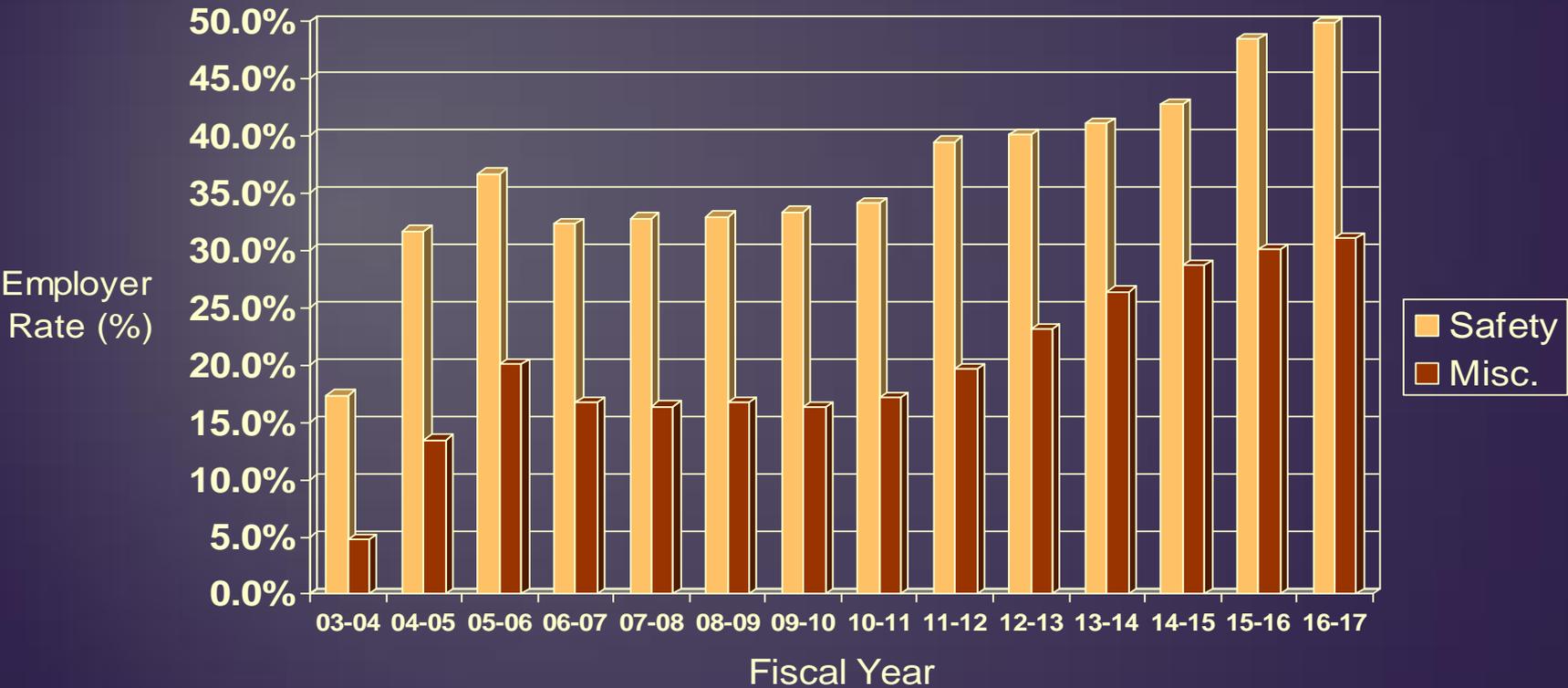
- Risk Pooling
 - Monrovia's Safety Plan participates in risk pool
 - Public Employee Pension Reform Act (PEPRA)- effect on risk pools must be addressed
 - Two alternatives being proposed- each will result in approximately 3.6% increase to Monrovia Safety rates
 - Rate increase for Safety Plan expected to begin in FY 15-16
 - Increase factored in projections

General Fund

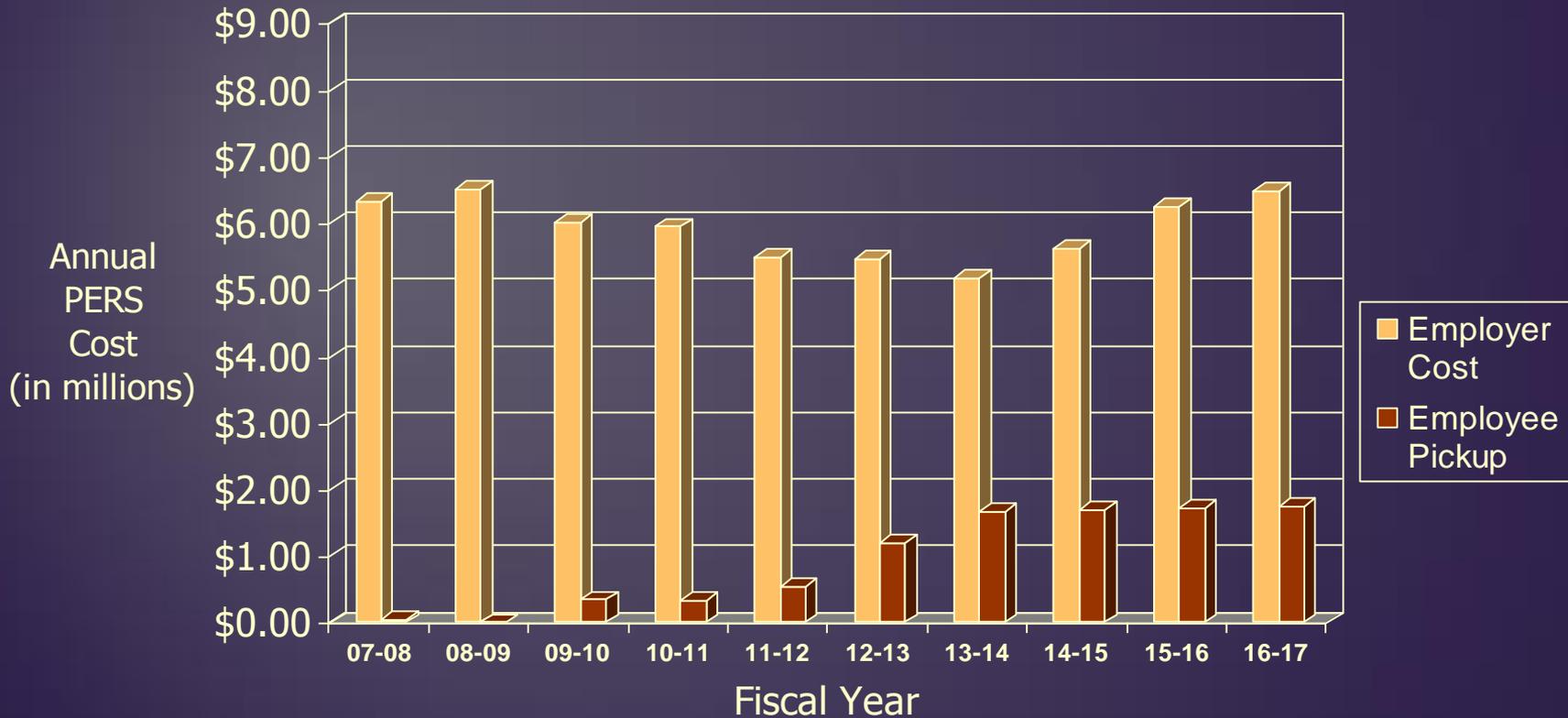
PERS Rate Impacts

- What are we doing to address rising PERS costs?
 - All groups currently paying employee share
 - \$1.6M savings annually
 - More than \$4M savings over last five years
 - Working with group of other cities to ensure that Agency portion of pension override goes back to City and not to taxing entities
 - Will realize some savings from PEPRRA
 - Affects “new” employees hired after January 1, 2013
 - Most savings realized in future years
 - Estimated savings = \$90K in 13-14; \$180K in 14-15

General Fund PERS Employer Rates



PERS Employer Cost vs. Employee Pickup (All Funds)



General Fund

Preliminary Revenues

- Sales and property tax, which make up 58% of the General Fund, continue to be strong
- Other revenues continue to grow, but at a slow pace
- Staff routinely evaluates the cost of services
- Some fee increases and new fees have been incorporated into the budget

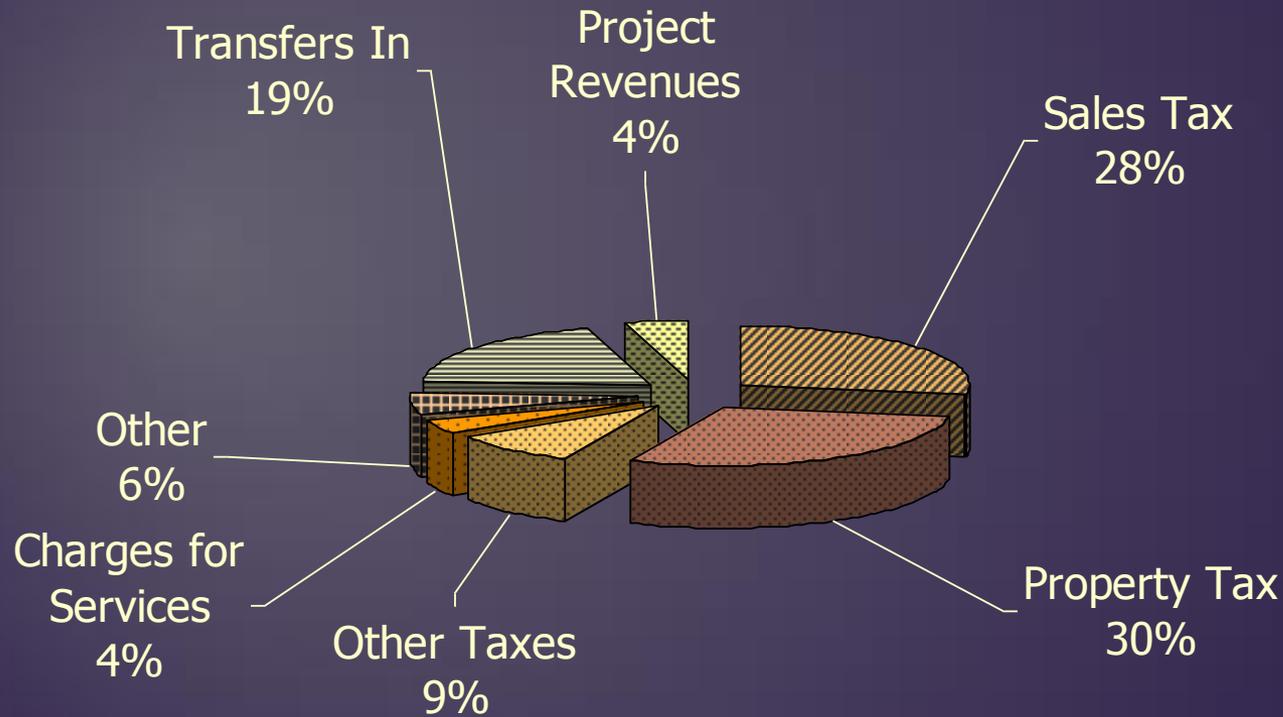
General Fund

Preliminary Revenues

Major Sources of Revenue

Revenue	2014-15
Property Tax	\$ 9.99M
Sales Tax	\$ 9.60M
Transfers In	\$ 6.73M
Other Taxes	\$ 3.22M
Project Revenues	\$ 1.54M
Charges for Services	\$ 1.42M
Other Revenues	<u>\$ 2.15M</u>
Total Revenues	<u>\$ 34.65M</u>

General Fund Sources of Revenue



General Fund Revenues

Sales Tax

- Consistent growth over last four years
- Sales Tax Revenue:
 - 2013-2014 Estimated Year-End = \$9.25M
 - 2014-2015 Preliminary Budget = \$9.60M
- Projecting approximately 4% growth

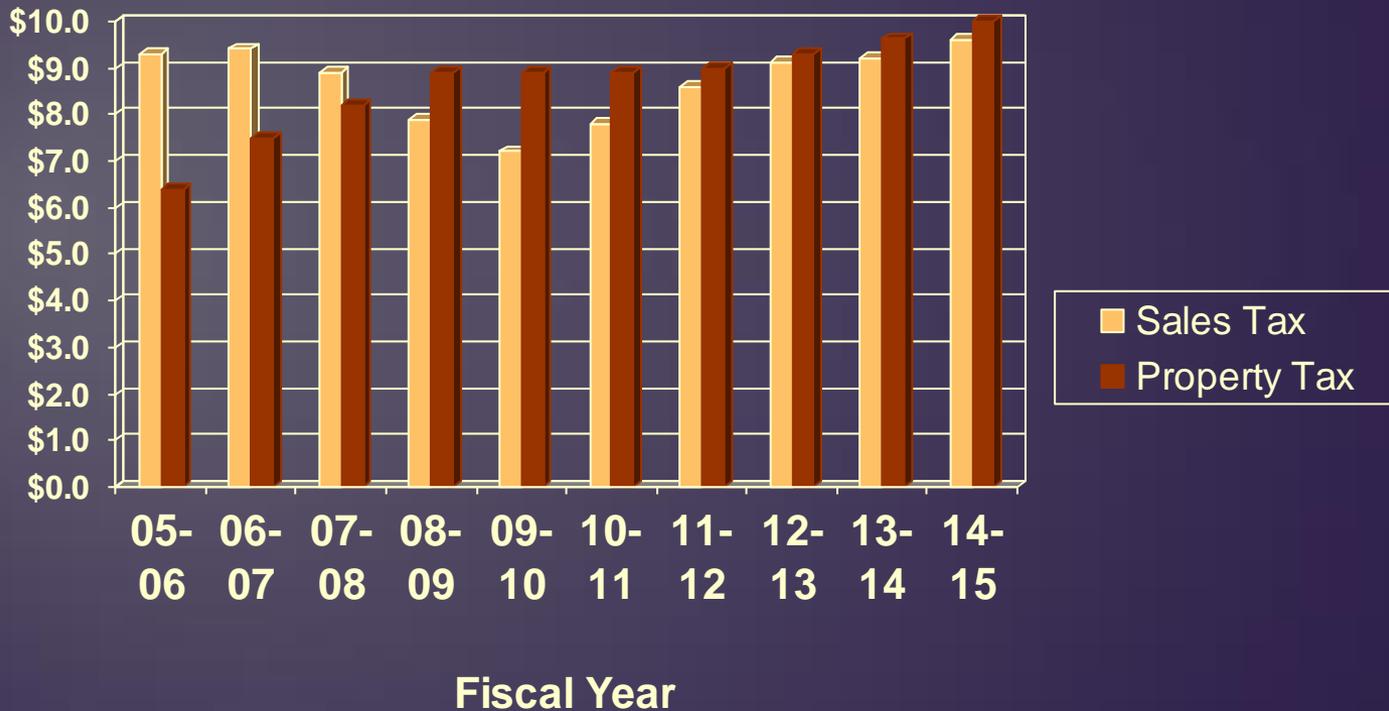
General Fund Revenues

Property Tax

- Growth has been slow, but consistent
- Monrovia assessments have been historically stable
- Property Tax Revenue:
 - 2013-2014 Estimated Year-End = \$9.62M
 - 2014-2015 Preliminary Budget = \$9.99M
- Projecting approximately 4% growth

General Fund Revenues Sales and Property Tax History

Revenues
(in millions)



General Fund

Other Key Revenues

- Occupancy Tax
 - Budgeted growth of 3%
 - 2013-14 Estimated Year-End = \$1.49M
 - 2014-15 budget = \$1.54M
- One-time fee revenues of approximately \$450K
- Minimal growth in other service revenues
 - Some growth due to fee increases/realigning fees with cost of services.

General Fund Overview

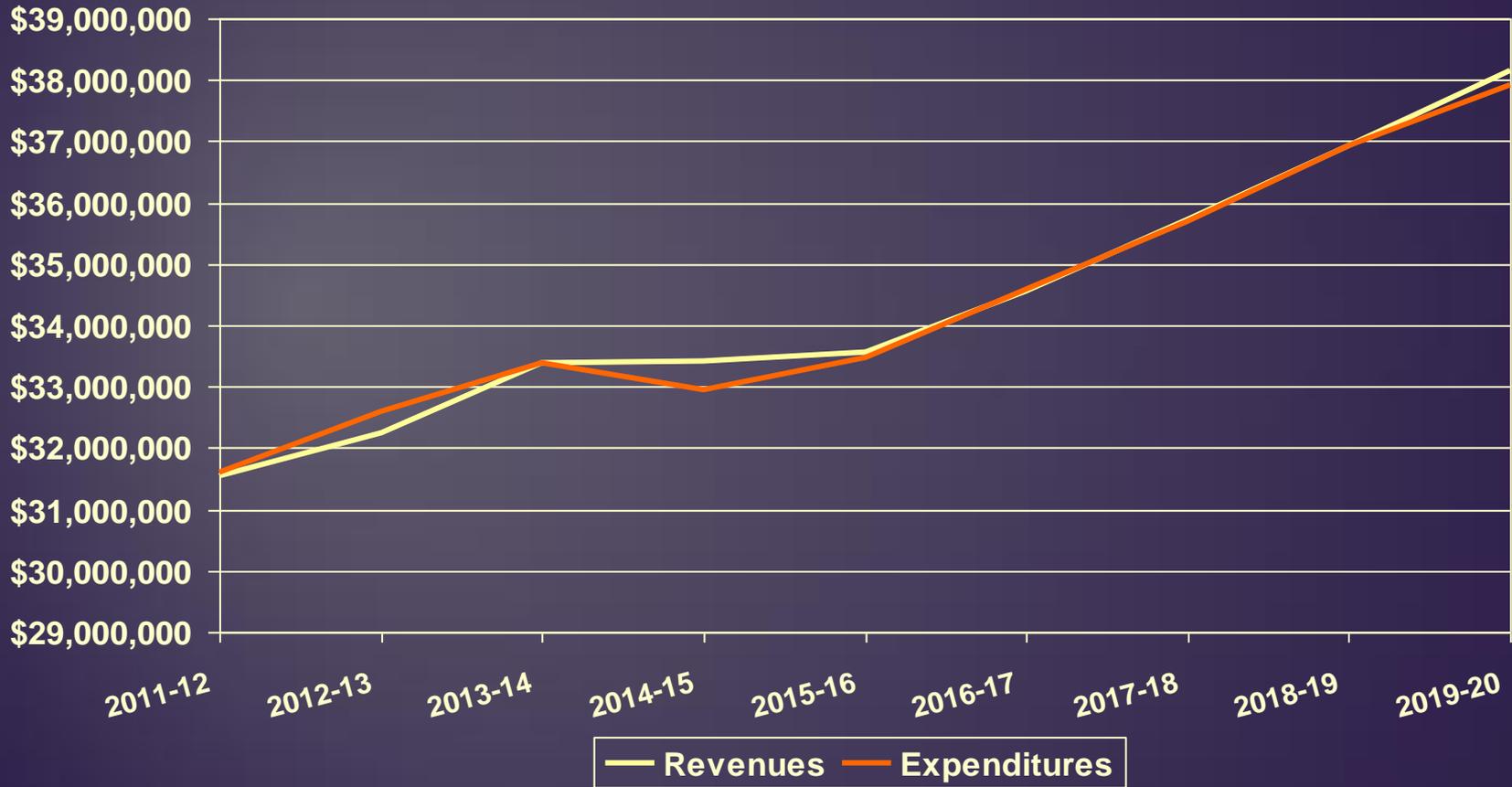
- Estimated financial condition at June 30, 2014:
 - Revenues and expenditures to track close to budget
 - Projected year-end deficit of \$88K
- Reserve for operating contingency:
 - Has been flat since 2010-2011
 - Target = 20%; Current reserve = 14%
- Although economy is coming back, we still need to look at growing the General Fund

General Fund Long Range Forecasts

General Fund Five-Year Forecast

- Expenditure Assumptions
 - Personnel Costs = 3% increase
 - Maintenance & Operations will remain flat
 - Transfers = Increases to cover rising PERS costs
- Revenue Assumptions
 - Sales tax = 3-5%
 - Property Tax = 4-5%
 - Other Revenues = modest increases
- Estimates based on the following assumptions:
 - Cost-containment and realistic revenue growth
 - Funding for reserves, when possible

General Fund Five-Year Forecast



FY 14-15 grant revenues allocated back to year of expenditure (FY 13-14) for purposes of this analysis



Other City Funds

- 41 funds covering all discretionary and restricted revenue sources and expenditures
- Preliminary budget:
 - Expenditures = \$37.48M
 - Revenues = \$39.83M
- Key funds for discussion:
 - Community Development Block Grant Fund (CDBG)
 - Asset Forfeiture Fund
 - Worker's Compensation Fund
 - Unemployment Fund
 - Debt Service Funds

Other City Funds

2014-15 Preliminary Budget

Fund Type	Expenditures	Revenues
General Operating Funds	\$ 5.85M	\$ 7.79M
Enterprise Funds	\$ 10.93M	\$ 9.04M
Special Purpose Funds	\$ 13.89M	\$ 15.08M
Internal Service Funds	\$ <u>6.81M</u>	\$ <u>7.92M</u>
Total 2014-15 Budget	\$ <u>37.48M</u>	\$ <u>39.83M</u>

Community Development Block Grant (CDBG) Fund

- FY 2014-15 allocation = \$236,435
- Reduction in funding over last several years:
 - 29% in 2012-13
 - 14% in 2013-14
 - .5% in 2014-15
 - Possible future year decreases are unknown at this time
- General fund support to maintain current service level is \$64,449 in FY 13-14 and \$66,216 in FY 14-15.
- Critical programs for safe and healthy neighborhoods will remain, just at scaled back levels

Asset Forfeiture

- Pays for ongoing regional drug enforcement activities
- Annual costs = \$208K; Annual revenues = \$129K
- Growing deficit balance resulting from annual shortfall of revenues
- FY 14-15 General Fund support of \$115K
- Additional funding and/or program cuts may need to be considered if program is to continue at same level in future years

Worker's Compensation Fund

- Internal service fund: Operating departments charged to bring revenue into fund
- Good news: Reduction in claims expense has resulted in reserve growth over last several years
- FY 14-15 charge to operating departments reduced by 25%
- Savings to General Fund is approximately \$295K

Unemployment Fund

- Internal service fund: Operating departments charged to bring revenue into fund
- Good news: Unemployment claims have declined over last several years resulting in reserve growth
- FY 14-15 charge to operating departments reduced by 55%
- Savings to General fund is approximately \$39K

Debt Service Funds

- All debt service obligations incorporated into budget
- FY 14-15 budgeted debt service expense:

Bond Issue	Principal Due	Interest Due	Total Due
2002 Wilderness Preserve	245,000	346,793	591,793
2007 Library Construction	345,000	656,411	1,001,411
2010 Pension Obligation Bond	330,000	764,724	1,094,724

- Always considering refinancing to optimize savings in interest rates

Monrovia Housing Authority

- 2014-15 Preliminary Budget:
 - Preliminary Expenditures = \$236,343
 - Preliminary Revenues = \$248,543
- Monrovia Area Partnership (MAP) activity included in this fund:
 - Funding available for ongoing MAP outreach efforts
 - One-time housing bond proceeds available for MAP Grants
 - Future MAP Grant funding will need to be identified
- Potential sale of housing properties:
 - Annex building
 - 1234 Sherman Ave.
 - 498 Monrovista Ave.

Monrovia Successor Agency

- 2014-15 Preliminary Budget:
 - Preliminary Expenditures (includes Bond interest) = \$4.24M
 - Bond Principal Payments = \$3.36M
 - Preliminary Revenues = \$7.56M
- Redevelopment activities continue to wind down:
 - Pay down of outstanding debt
 - Maintenance of properties until sale/disposal
 - Possible sale of properties during FY 14-15
- State Department of Finance continues to review and approve all expenditures (ROPS):
 - Property tax revenue distributed based upon approved expenditures

Fees and Charges Overview

- Fees reviewed for level of cost recovery
- When setting fees, the following considerations are taken into account:
 - Statute
 - Survey
 - Cost recovery
- FY 2014-15 Proposal:
 - New fees
 - Fee increases/decreases

Fees and Charges

New Items/Changes

Administration - Finance: Changes

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Returned Payment Fee	\$30	\$25	81%	\$35 subsequent offense. Fee adjusted to comply with California Civil Code.

Fees and Charges

New Items/Changes

Public Works: New Fees

Service Description	New Fee	New Cost Recovery %	Comments
Sewer Service Monthly Fees (without water service)	\$9.09	100%	Fee added to accommodate billing for properties that do not receive water service from the City of Monrovia

Public Works: Changes

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Residential Waste Impact Fee	\$2.47	\$2.50	62%	AB939 Fee; CPI increase per Resolution No. 2008-67

Fees and Charges

New Items/Changes

Community Services - Library: Changes

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
DVD Rental	\$2	\$1	N/A	Industry price for DVD rental is \$1. Competition from streaming video services.
Proctor Testing	\$20	\$30	73%	New fee results in a higher cost recovery %.

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

Fees and Charges

New Items/Changes

Community Services - Recreation: New Fees

Service Description	New Fee	Cost Recovery %	Comments
Parking Fees at Canyon Park: Automobile – Weekend & Holiday Rate	\$6	84%	Surveyed 6 local parks/recreation areas. Established weekend and holiday rate like other agencies. Fee is based on industry surveyed average of \$6.33.

Fees and Charges

New Items/Changes

Community Services - Recreation: Changes

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Parking Fees at Canyon Park: Bus – Daily Rate	\$10	\$15	70%	Surveyed 6 local parks. Increased fee to come close to the industry surveyed average of \$22.
Parking Fees at Canyon Park: Parking Pass – Annual	\$55	\$60	100%	Surveyed 6 local parks. Increased fee to come close to the industry surveyed average of \$77.50.
General Facility Rentals: Band shell (Priority I Rate)	\$80	\$90	Cost recovery on facility rentals is 5% of operations	Surveyed 13 neighboring cities. Increased fee to come close to the industry surveyed average of \$108.
General Facility Rentals: Band shell (Priority II Rate)	\$60	\$67.50	Cost recovery on facility rentals is 5% of operations	

Fees and Charges

New Items/Changes

Community Services - Recreation: Changes (continued)

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
General Facility Rentals: Recreation Park Gazebo (Priority I Rate)	\$65	\$75	Cost recovery on facility rentals is 5% of operations	Surveyed 13 neighboring cities. Increased fee to come close the industry surveyed average of \$125.
General Facility Rentals: Recreation Park Gazebo (Priority II Rate)	\$50	\$56.25	Cost recovery on facility rentals is 5% of operations	

Fees and Charges

New Items/Changes

Community Development: New Fees

Service Description	New Fee	Cost Recovery %	Comments
Residential Solar Permits	\$225	100%	Full Cost Recovery
Historic Preservation – Demolition Review	\$230	49%	Survey not applicable
Historic Commercial Downtown – Design Review	\$825	70%	Survey not applicable
Mills Act Contract Time Extension	\$230	100%	Survey not applicable

Fees and Charges

New Items/Changes

Community Development: Changes

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Major Conditional Use Permit Review – All Others	\$1,155	\$1,250	50%	Survey completed. Survey results used in fee analysis.
Major Conditional Use Permit Review – New Construction	\$2,215	\$2,400	65%	Survey completed. Survey results used in fee analysis.
Minor Conditional Use Permit Review	\$460	\$500	76%	Survey completed. Survey results used in fee analysis.
Conditional Use Permit Amendment	\$960	\$1,050	57%	Survey completed. Survey results used in fee analysis.
Major Variance Review	\$1,155	\$1,500	60%	Survey completed. Survey results used in fee analysis.

Fees and Charges

New Items/Changes

Community Development: Changes (continued)

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Exceptions Review	\$315	\$340	57%	Survey completed. Survey results used in fee analysis.
General Plan/Zoning Amendment Review & Revision	\$2,225	\$4,765	100%	Survey completed. Survey results used in fee analysis.
Environmental Negative Declaration	\$850	\$4,350	100%	Survey completed. Survey results used in fee analysis.
Zoning Research Letter: Standard (zoning, lot size, uses allowed, etc)	\$50	\$55	91%	Survey completed. Survey results used in fee analysis.
Misc Dev. Review – Single Family Addition	\$142	\$155	23%	Survey completed. Survey results used in fee analysis.

Fees and Charges

New Items/Changes

Community Development: Changes (continued)

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Misc Dev. Review – Single Family New	\$170	\$185	25%	Survey completed. Survey results used in fee analysis.
Misc Dev. Review - Office/Comm'l/Ind'l/Multi Fam Resid 2+ with DRC - Recommendation	\$340	\$370	80%	Survey completed. Survey results used in fee analysis.
Misc Dev. Review - Office/Comm'l/Ind'l/Multi Fam Resid 2+ with DRC – Decision	\$755	\$825	89%	Survey completed. Survey results used in fee analysis.
Misc Dev. Review – Other	\$115	\$125	37%	Survey completed. Survey results used in fee analysis.
Historic Preservation – Mills Act	\$495	\$780	100%	Survey completed. Survey results used in fee analysis.

Fees and Charges

New Items/Changes

Community Development: Changes (continued)

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Historic Preservation – Designation Fee	\$285	\$500	50%	Survey completed. Survey results used in fee analysis.
Historic Preservation – Cert. Appropriateness	\$105	\$250	50%	Survey completed. Survey results used in fee analysis.
Publication Fee	\$108	\$159	100%	Survey completed. Survey results used in fee analysis.
Wireless Facility – Minor CUP	\$1,130	\$2,160	100%	Survey completed. Survey results used in fee analysis.
Wireless Facility – Major CUP	\$2,770	\$4,000	100%	Survey completed. Survey results used in fee analysis.
Wireless Facility – Exception	\$1,715	\$2,098	100%	Survey completed. Survey results used in fee analysis.

Fees and Charges

New Items/Changes

Community Development: Changes (continued)

Service Description	Old Fee	New Fee	New Cost Recovery %	Comments
Wireless Facility – ROW – Minor CUP	\$1,530	\$3,150	100%	Survey completed. Survey results used in fee analysis.
Wireless Facility – ROW – Major CUP	\$3,025	\$4,935	100%	Survey completed. Survey results used in fee analysis.
Wireless Facility – Administrative Review	\$950	\$1,450	100%	Survey completed. Survey results used in fee analysis.
Film Permit Review – Issuance Fee	\$855	\$500	97%	(Plus \$200 per day). Survey completed. Survey results used in fee analysis.
Special Event Permit	\$50	\$25	12%	Survey completed. Survey results used in fee analysis.

Key Budget Dates

- Follow-up study sessions:
 - Tuesday, June 3, if necessary
- Formal Budget Approval
 - Tuesday, June 17

What's on the Horizon

- Quarterly reporting to Council
 - Analysis of performance to budget
 - Update on changes in PERS and other key issues
- Possible budget adjustments if needed

Questions and Answers



City Council Budget Study Session

May 27, 2014



2014-15 Fiscal Year Budget

