



Fiscal Year 2021-22 Year-End Summary  
&  
Fiscal Year 2022-23 Q2 Budget Update

*CITY COUNCIL MEETING*

*FEBRUARY 7, 2023*

# Purpose

The purpose of this budget update is to:

- ▶ Provide City Council with a financial update for FY 2021-22 based on post-audit numbers.
- ▶ Present FY 2022-23 budget adjustments for City Council's consideration to better align the current year budget with updated estimates.
- ▶ Provide City Council with a Capital Improvement Program (CIP) update.

# Financial Overview

- ▶ The City closed Fiscal Year 2021-22 in a strong financial position and continues to show fiscal resiliency.
  - ▶ The City's Net Position continues to grow each year.
  - ▶ General Fund reserves continue to grow each year.
- ▶ While there is still uncertainty in the economy, there have been recent positive events:
  - ▶ Inflation levels are on a declining trend (inflation for December 2022 was 6.5%, down from 9.1% in June 2022).
  - ▶ Retail activity is steady and tax receipts are increasing.
  - ▶ Experts vary on whether a recession will actually occur.
- ▶ Currently, the overall outlook is cautiously optimistic.

# Financial Overview

- ▶ A conservative budget was developed for Fiscal Year 2022-23:
  - ▶ Anticipated inflationary cost increases that will impact Fiscal Year 2022-23 have already been incorporated into the Fiscal Year 2022-23 budget projections/adjustments.
  - ▶ Overall, revenue projections are conservative, yet realistic.
- ▶ Although inflation has had mostly negative financial impacts, there can be positive impacts to some City revenues, including sales tax, hotel tax, Measure K revenues, and others, which is good news.
- ▶ Staff continues to diligently manage departmental operating budgets to ensure we only spend what is absolutely needed. Staff is applying a “hold-the-line” approach to spending.
- ▶ Given the situation, staff is closely monitoring the economic environment and is ready to quickly pivot, if needed.

# Fiscal Year 2022-23 Budget Objectives

The Fiscal Year 2022-23 Budget proposal incorporates the City's Financial Resiliency Plan Principals and seeks to incorporate the following key budget objectives:

- ▶ Addressing infrastructure and maintenance needs by funding the City's Capital Improvement Program (CIP) for Fiscal Year 2022-23.
- ▶ Building up General Fund reserve levels to prepare for the future.
- ▶ Continuing to address future long term obligations by setting aside funds for CalPERS and OPEB liabilities.
- ▶ Seeking outside funding, whenever possible, to help fund special projects and programs.
- ▶ Evaluating every vacancy before proceeding with filling the position (full salary & benefits).

# FY 2022-23 Budget Overview

## All City Funds (Includes CIP)

Fund Type	FY22-23 Original Budget		FY22-23 Revised Budget	
	Revenue	Expenditure	Revenue	Expenditure
General Fund	\$52.55 M	\$52.72 M	\$52.76 M	\$54.68 M
General Fund – Other Funds (Dev. Services/Emergency Services/Measure K)	\$20.19 M	\$14.98 M	\$21.22 M	\$15.97 M
Enterprise Funds	\$27.37 M	\$30.60 M	\$27.43 M	\$31.40 M
Special Purpose Funds	\$39.17 M	\$43.24 M	\$42.19 M	\$48.78 M
Internal Service Funds	<u>\$12.14 M</u>	<u>\$12.65 M</u>	<u>\$12.14 M</u>	<u>\$13.10 M</u>
Total Budget	<u>\$151.42 M</u>	<u>\$154.19 M</u>	<u>\$155.74 M</u>	<u>\$163.93 M</u>

# Post-Audit Review of FY 2021-22

- ▶ Staff has completed the audit, and numbers for Fiscal Year 2021-22 are final.
  - ▶ Citywide, Fiscal Year 2021-22 was a positive year with growth in Net Position.
- ▶ The City's General Fund closed Fiscal Year 2021-22 in a very positive position.
  - ▶ Revenues outperformed budget by \$3.34M.
  - ▶ Expenditures were less than budget by \$445K.
- ▶ Overall, the General Fund closed the year \$3.79M better than budget.
  - ▶ Staff was diligent in managing budgets, and the City received several one-time, big ticket revenues.
- ▶ The General Fund ended the year with a \$6.67M surplus.

# FY 2021-22 YE Summary

## General Fund Revenues and Expenditures

General Fund Item	FY 2021-22 Revised Budget	FY 2021-22 Actuals (Post-Audit)	Variance With Budget Positive/ (Negative)
Revenues <i>(Includes Transfers In)</i>	\$50,028,681	\$53,377,481	\$ 3,348,800
Expenditures <i>(Includes Transfers Out)</i>	<u>\$47,152,501</u>	<u>\$46,706,910</u>	<u>\$ 445,591</u>
Net General Fund Surplus/(Deficit)	<u>\$ 2,876,180</u>	<u>\$ 6,670,571</u>	<u>\$ 3,794,391</u>



# Fiscal Year 2022-23 General Fund Revenue

- ▶ The City is in a strong position heading into FY 2022-23. General Fund revenues remain strong and consistent. Staff is proposing a positive adjustment of \$434,737 in revenues.
  - ▶ Sales tax continues to show growth. An adjustment of \$462,381 is being proposed, for a total budget of \$13,333,807.
  - ▶ One adjustment is being proposed to Transient Occupancy Tax (TOT). The Marriott TownPlace Hotel is now expected to open in Fiscal Year 2023-24; therefore, a negative adjustment of \$50,000 is being proposed.
  - ▶ A positive adjustment of \$22,356 is being proposed for reimbursement revenue from the Monrovia Public Library Foundation.

# FY 2022-23 General Fund Revenue

## General Fund Revenues Original vs. Revised Budget

Revenue Source	FY 2022-23 Original Budget	FY 2022-23 Revised Budget	Increase/(Decrease)
Property Tax	\$15.69 M	\$15.85 M	\$ 0.16 M
Sales Tax	\$12.87 M	\$13.33 M	\$ 0.46 M
Transient Occupancy Tax	\$ 1.87 M	\$1.92 M	\$ 0.05 M
Other Taxes	\$ 2.29 M	\$2.29 M	\$ 0.00 M
All Other Revenues	<u>\$19.83 M</u>	<u>\$19.37 M</u>	<u>(\$ 0.46 M)</u>
Total	<u>\$52.55 M</u>	<u>\$52.76 M</u>	<u>\$0.21 M</u>

# Fiscal Year 2022-23 General Fund Expenditures

- ▶ Staff also performed a thorough review of expenditure budgets. Overall, actual expenditures in the General Fund are tracking to budget for most expenditures through December 2022.
- ▶ Staff is proposing a net overall increase in General Fund expenditures of \$55,803.
- ▶ Adjustments for operational supplies, program and event supplies, maintenance supplies, staff training and development, as well as other various costs, are being proposed and are included on Attachment A.
- ▶ Two decreases, totaling \$56,309, are being proposed for a reduction in Verdugo Dispatch fees as actual costs came in less than budget. This decrease will help offset the other increases in the General Fund.

# FY 2022-23 General Fund Expenditures

## General Fund Expenditures Original vs. Revised Budget

Expenditure Category	FY 2022-23 Original Budget	FY 2022-23 Revised Budget	Increase/(Decrease)
Personnel (Salary and Benefits)	\$34.45 M	\$34.46 M	\$ 0.01 M
Maintenance and Operations (M & O)	\$11.99 M	\$12.32 M	\$ 0.33 M
Project/Program Expenditures	\$ .60 M	\$ .69 M	\$ 0.09 M
Transfers Out	<u>\$ 5.68 M</u>	<u>\$ 7.21 M</u>	<u>\$ 1.53 M</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$52.72 M</u></b>	<b><u>\$54.68 M</u></b>	<b><u>\$ 1.96 M</u></b>

# FY 2022-23 General Fund Surplus – Two-Year View

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- ▶ Given the proposed adjustments, Fiscal Year 2022-23 is expected to close with a deficit of \$1.82M. This deficit balance is mainly due to setting aside funds of \$2.0M for the Wellfield Electrical project (approved as part of the first quarter budget adjustments).
- ▶ The next slide provides a two-year summary of the General Fund surplus for Fiscal Year 2021-22 and 2022-23.
- ▶ Over a two-year period, the net surplus in the General Fund is \$4.84M. The 2022-23 deficit will be offset by the \$6.67M surplus from Fiscal Year 2021-22, resulting in a two-year surplus of \$4.84M

# FY 2022-23 General Fund Surplus – Two-Year View

General Fund Item	Amount
FY 2021-22 GF Ending Surplus	\$6,670,571
FY 2022-23 GF Estimated Year-End Deficit	<u>(\$1,827,358)</u>
Net Two-Year Surplus	<u>\$4,843,213</u>

# Fiscal Year 2022-23 Non-General Fund Adjustments

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- ▶ Adjustments to Non-General Fund accounts are being proposed as part of this quarterly update.
- ▶ Several big ticket budget adjustments are related to agenda items that have been previously approved by City Council, but are being formalized in these second quarter budget adjustments.
  - ▶ Canyon Park Repairs and corresponding revenue.
  - ▶ Wellfield Electrical Project
- ▶ As mentioned earlier, a listing of all adjustments is included as Attachment A.

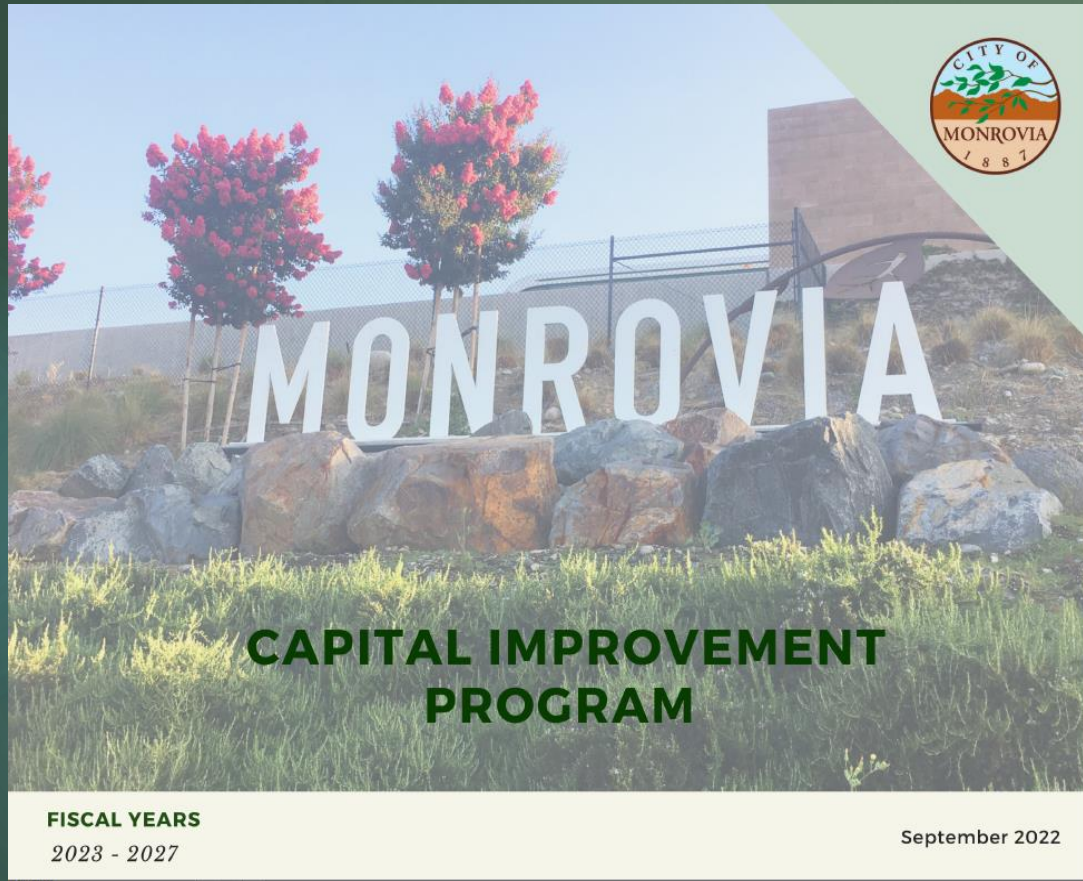
# Capital Improvement Program (CIP) Update



# Capital Improvement Program (CIP) Update

- ▶ In spring of 2022, City Council approved the Five-Year CIP Program, and funding for the CIP was included in the Fiscal Year 2022-23 Budget.
- ▶ Since the approval of the CIP Program, project work has commenced on most projects.
- ▶ A detailed listing of the CIP projects budgeted for Fiscal Year 2022-23 is attached as Exhibit 1 to this report and includes information for each project, such as project description, budget amount, project status, as well as other information.

# Fiscal Year 2022-2027 CIP



- ▶ The CIP includes 87 projects in several categories including:
  - ▶ Municipal Facilities
  - ▶ Streets and Streetscapes
  - ▶ Parks and Trails
  - ▶ Trees
  - ▶ Water System and Utilities
  - ▶ Stormwater
  - ▶ Information Technology
  - ▶ Fleet and Equipment Replacement

# CIP - Completed Projects

- ▶ To date, the City has completed the following projects:
  - ▶ Pedestrian Safety Improvements Study
  - ▶ Library Park Improvements – Library Loo Project
  - ▶ Sewer System CCTV and Jetting
  - ▶ Magnolia Pipeline Reconstruction
  - ▶ Server Lifecycle Replacement Program
  - ▶ Police Body Worn Cameras
  - ▶ VoIP Telephone Replacement Program
  - ▶ Lucinda Garcia Park (anticipated to be complete by March 2023)

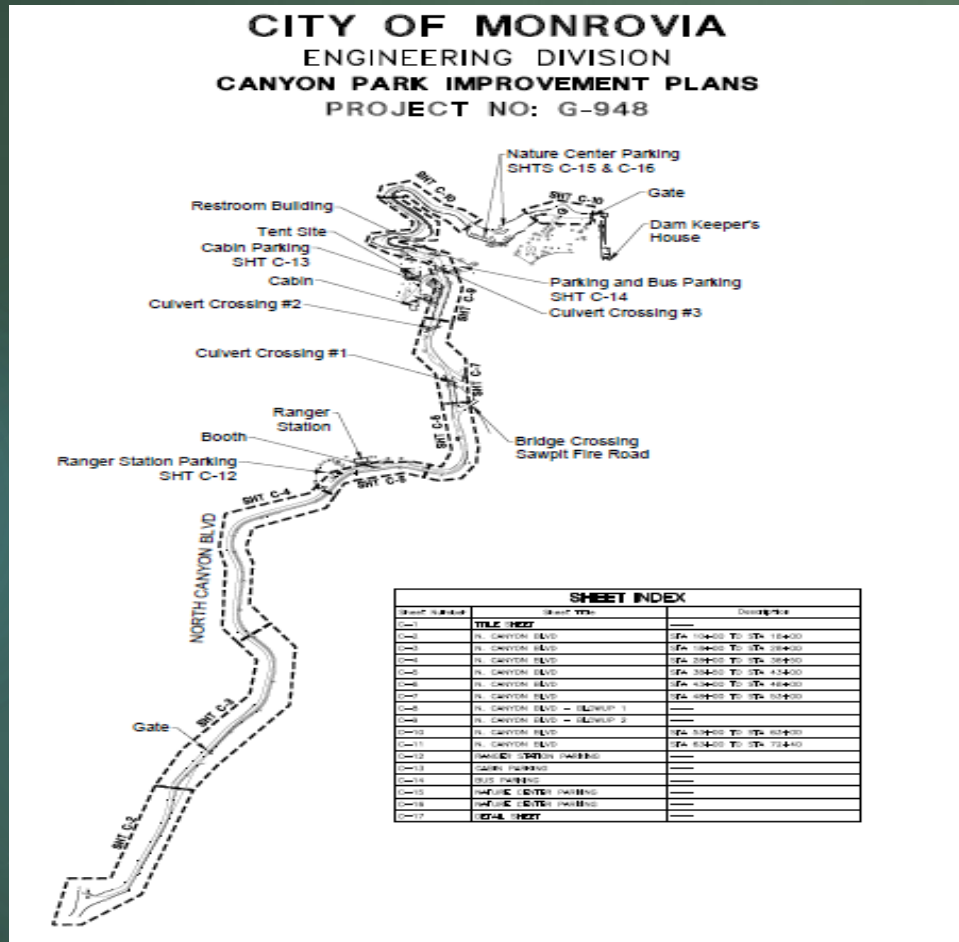
# CIP - Library Loo Project



# CIP - Projects In-Progress

- ▶ FY2022-2023 had a total of 62 projects planned for the year
- ▶ Over 50 projects are currently in-progress
  - ▶ Conceptual Design
  - ▶ Design and Bid Specifications
- ▶ Notable Projects that are in-progress:
  - ▶ Library Park Enhancements
  - ▶ Canyon Park
  - ▶ Vehicle Replacement (Fire, City and Utility Fleet)
  - ▶ Historic Museum Painting and Repairs Project
  - ▶ Police Station Painting Project

# CIP - Preliminary Design



- ▶ Project scope:
  - ▶ Road Repair
  - ▶ Parking lot improvements
  - ▶ Road/Shoulder reconstruction
  - ▶ Drainage improvements
  - ▶ Site preparation for proposed enhancements



VETERANS MEMORIAL



OVERLOOK



CANYON PARK EDUCATIONAL CENTER



PARKING LOT REST AREA



ENTRANCE KIOSK



NEW PARKING STALL AND ADA ACCESS



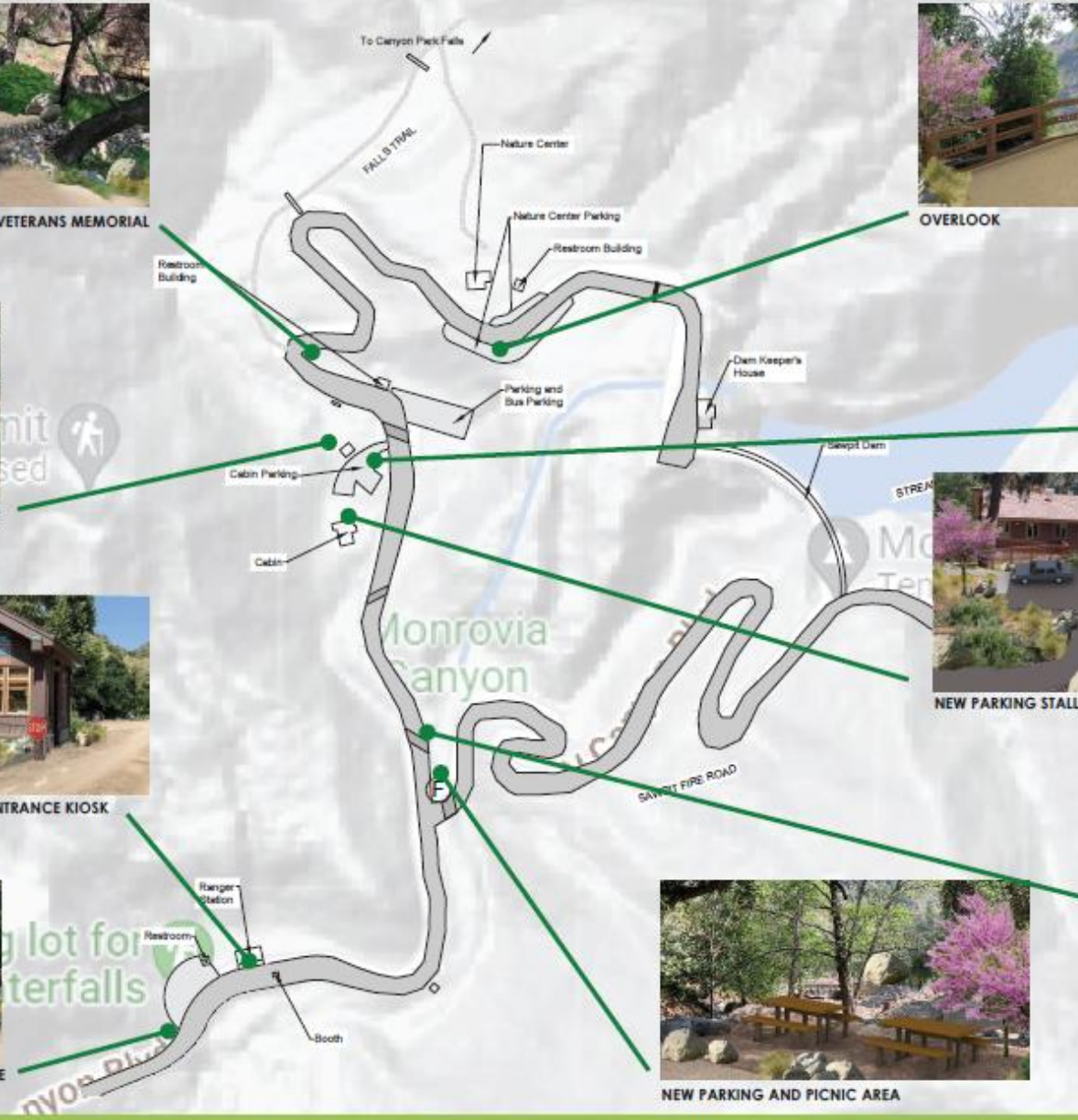
ENTRANCE AND ART PIECE



RAISED DECK



NEW PARKING AND PICNIC AREA



MAP OF PROPOSED IMPROVEMENTS  
CANYON PARK / CITY OF MONROVIA

# CIP - Historical Museum Painting and Repairs





# CIP - Monrovia Police Station Painting Project



# CIP - What's Next?

- ▶ Staff is anticipating moving forward on the following projects for the rest of the year:
  - ▶ FY 2022-2023 Comprehensive Street Improvement Projects
  - ▶ Mountain Avenue Street Repairs
  - ▶ Public Parking Lot Improvements (Lot 7 and 8)
  - ▶ Wellfield Electrical Project
  - ▶ Encanto Park Stormwater Capture Project (MS4 Project with the Stormwater JPA)
  - ▶ Lower Cloverleaf Reservoir Rehabilitation Project
  - ▶ And many more!!

# Summary

- ▶ In closing, the City is in a strong financial position heading into the third quarter of Fiscal Year 2022-23.
- ▶ While there is still some uncertainty in the economy, at this time, the overall outlook continues to be cautiously optimistic.
- ▶ The City's finances remain strong, with a stable, growing revenue base, and the City's financial position continues to improve each year as we successfully emerge from the pandemic.
- ▶ This budget update proposes adjustments that ensure a conservative, yet realistic budget, and staff will continue to closely monitor the budget and economic environment, on a regular basis, to ensure that the City can quickly pivot, if needed, as we have done in the past when the COVID pandemic began.

# Next Steps

- ▶ Staff will return to City Council with a quarterly budget update after the close of the third quarter or sooner, if needed.
- ▶ Additionally, staff is gearing up for the development of the Two-Year Budget for Fiscal Year 2023-25 Budget and will return to City Council with budget study sessions and a budget proposal later in the fiscal year.

QUESTIONS?



Thank you!