



May 19, 2015

City Council Study Session Fiscal Year 2015-17 Budget

Presentation Overview

1. General Fund Overview – Preliminary Budget Discussion
2. General Fund Overview – Revenues
3. General Fund Overview – Expenditures
4. General Fund Overview – Long Range Financial Forecast
5. Other City Funds – Budgetary Overview
6. Fees & Charges – Proposed Adjustments
7. Hillside Wilderness Preserve – Bond Refinance Cost Savings
8. Capital Improvement Program – Overview of Proposed Plans
9. FY 2015/16 & FY 2016/17 – Budget Summary
10. Questions



General Fund Overview

Preliminary Budget Discussion

FY 2014 / 15 Budget Overview

- Overall FY 2014/15 General Fund budget is currently tracking to balance
 - Revenue and expenditure budgets are aligning closely to projected budgetary amounts

General Fund Preliminary Budget

- Fiscal Year 2015/16
 - Projected revenues: \$36.08M
 - Projected expenditures: \$35.90M
- Fiscal Year 2016/17
 - Projected revenues: \$36.96M
 - Projected expenditures: \$36.95M

General Fund Preliminary Budget

- Proposed operating budgets for FY 2015/16 and FY 2016/17 are balanced!
- Budget includes a reserve amount for an operating contingency
 - Current target = 20%
 - Current reserve level = 12%
 - This equates to an operating reserve of around \$4.2M
- Conservative projections anticipate steady growth in revenues and expenditures



General Fund Overview

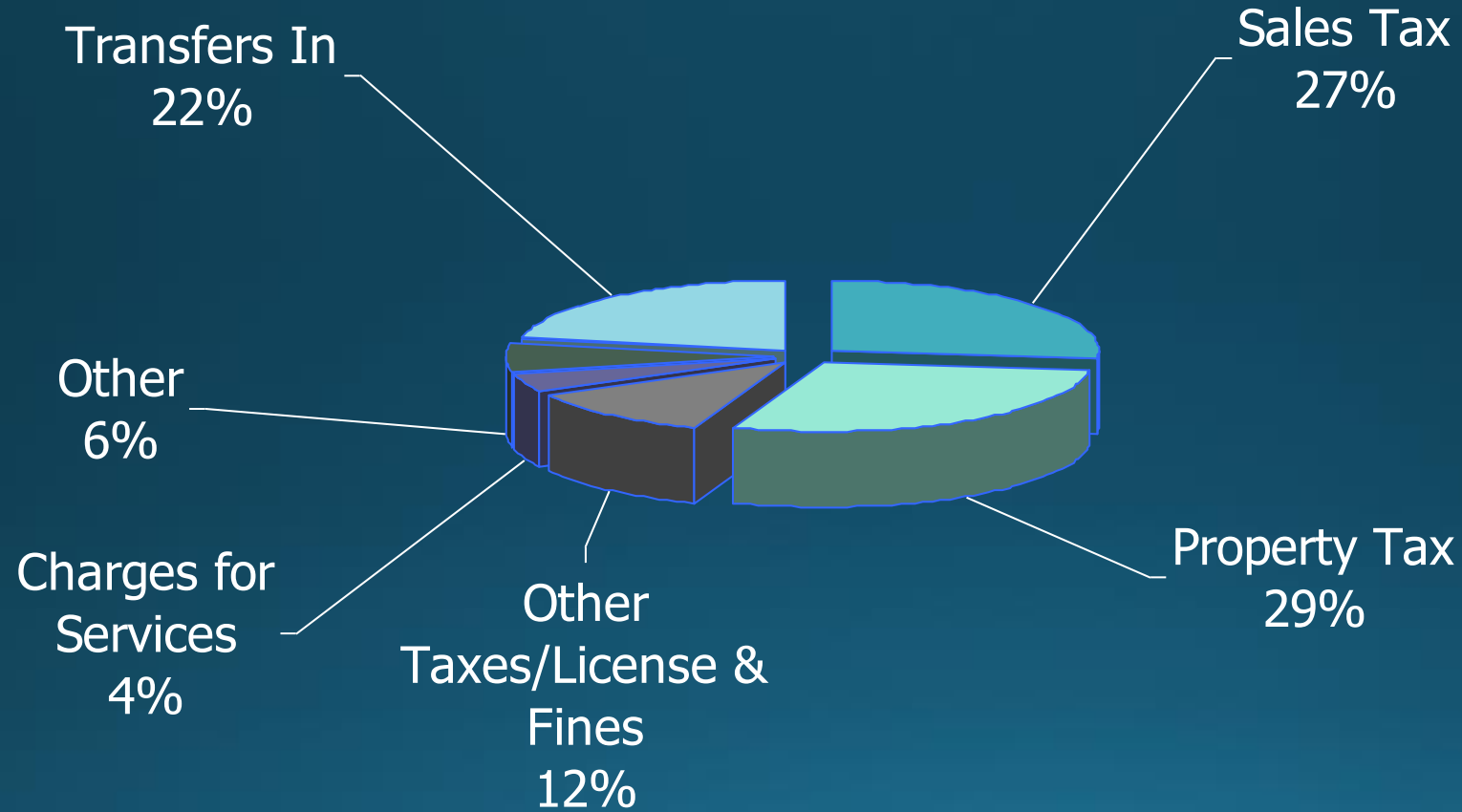
Revenues

General Fund Revenue Sources

- City revenue categories include the following
 - Property Tax
 - Sales Tax
 - Transfers In
 - Other Taxes
 - Charges for Services
 - Other

General Fund Overview

Revenues



Sources of Revenue

General Fund Revenues

- General fund consists of three major sources of revenues
 - Property Tax
 - Sales Tax
 - Hotel Tax
- These three revenue sources make-up 60.2% of total General Fund Revenues

General Fund Revenues

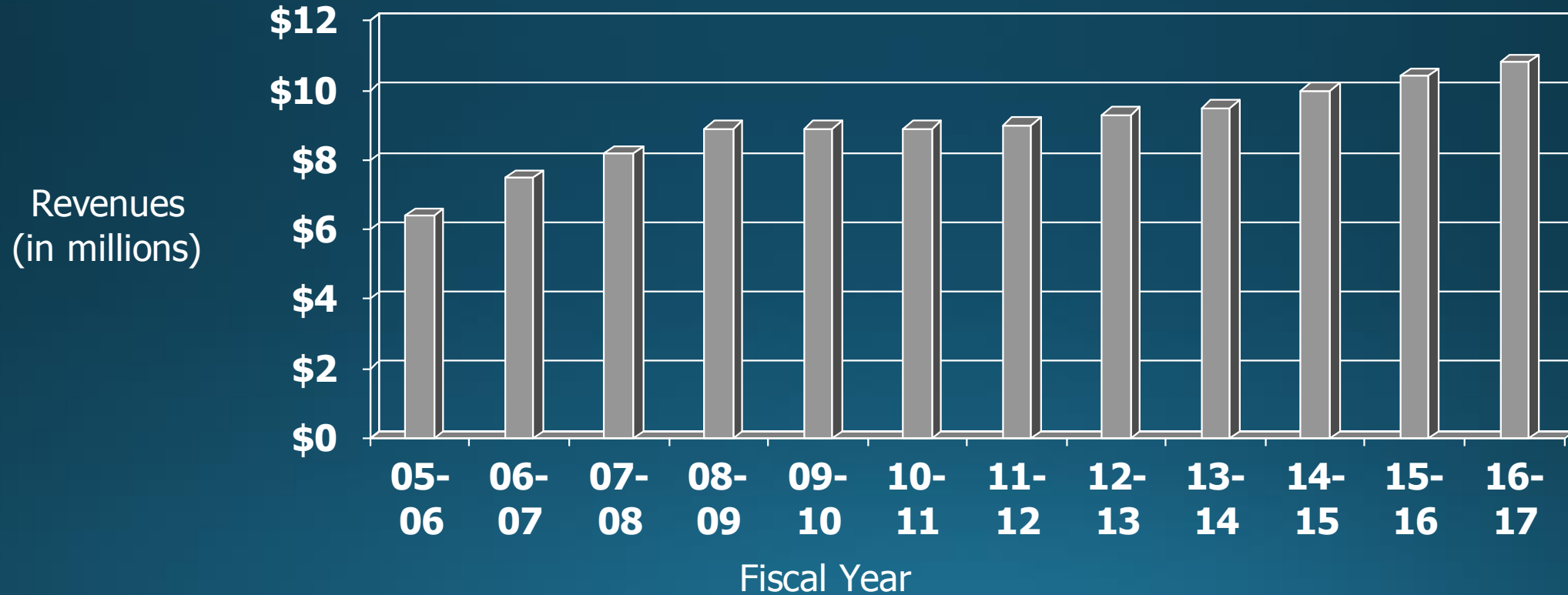
Property Tax

- Property tax revenues in Monrovia continue to see steady growth
 - Consistent stability in Monrovia assessments
 - Budgeted revenue:
 - FY 2015/16 = \$10.40M
 - FY 2016/17 = \$10.79M
 - 4% growth rate in both years

General Fund Revenues

Property Tax

Property Tax History



General Fund Revenues

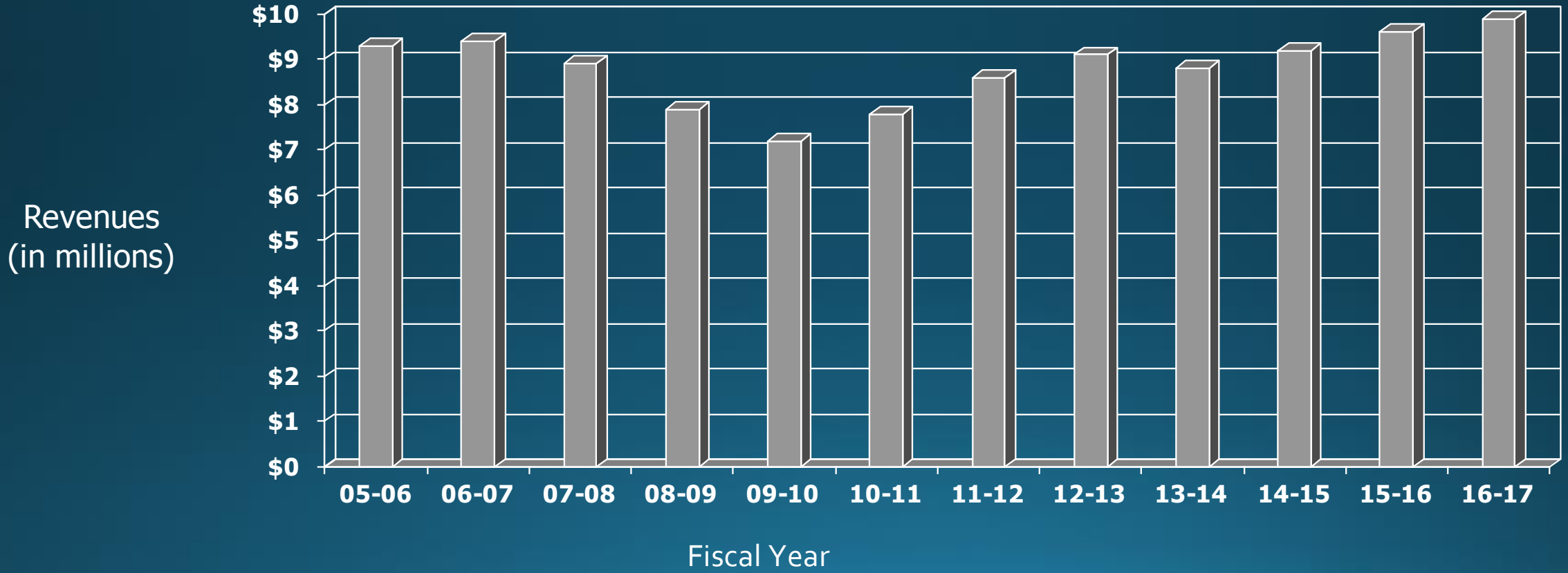
Sales Tax

- Sales tax growth has been consistent and stable the past several years
 - Budgeted revenue:
 - FY 2015/16 = \$9.61M
 - FY 2016/17 = \$9.96M
 - Projecting 4% growth in both years
 - Future year estimates = 3% growth

General Fund Revenues

Sales Tax

Sales Tax History



General Fund Revenues

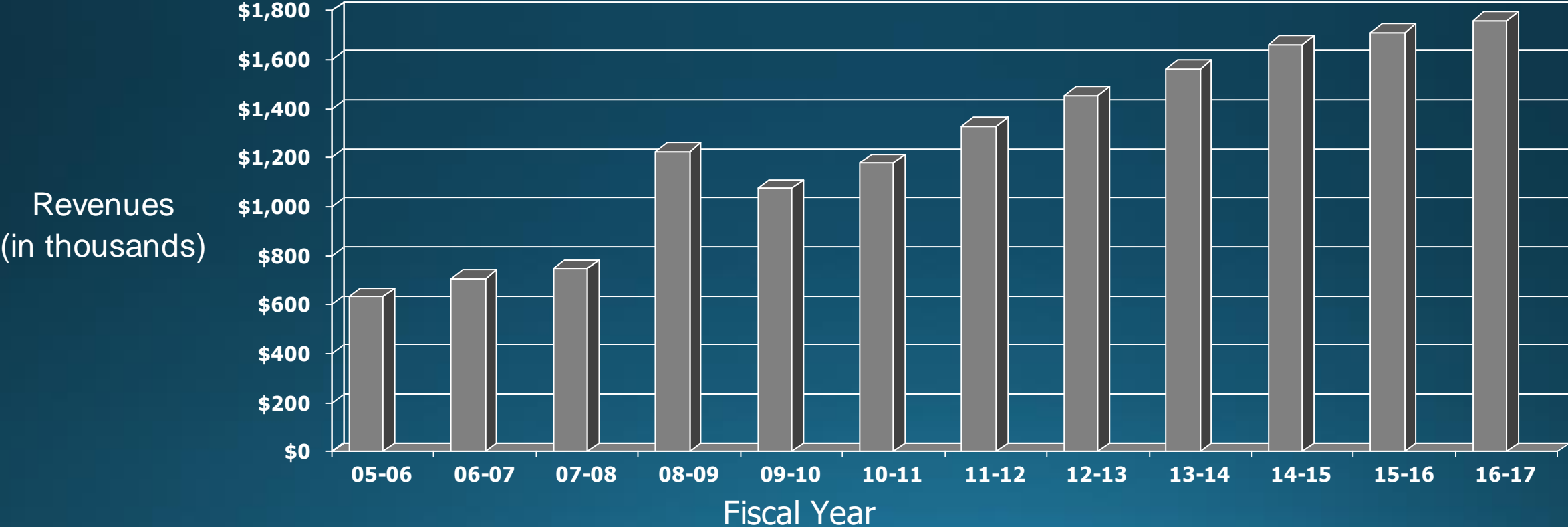
Hotel Tax

- Transient Occupancy Tax (Hotel Tax) has experienced consistent growth over last several years
 - Budgeted revenue:
 - FY 2015-16 = \$1.71M
 - FY 2016-17 = \$1.76M
 - Projecting 3% growth in both years

General Fund Revenues

Hotel Tax

Hotel Tax History



General Fund Revenue Summary

- Fiscal Year 2015/16
 - Total projected revenues: \$36.08M
- Fiscal Year 2016/17
 - Total projected revenues: \$36.96M



General Fund Overview

Expenditures

General Fund Expenditures FY 2015-17 Proposed Budget

- Fiscal Year 2015/16

- Personnel Costs \$24.62M
- Maintenance & Operations \$8.25M
- Transfers & Other \$3.03M

- **TOTAL** **\$35.90M**

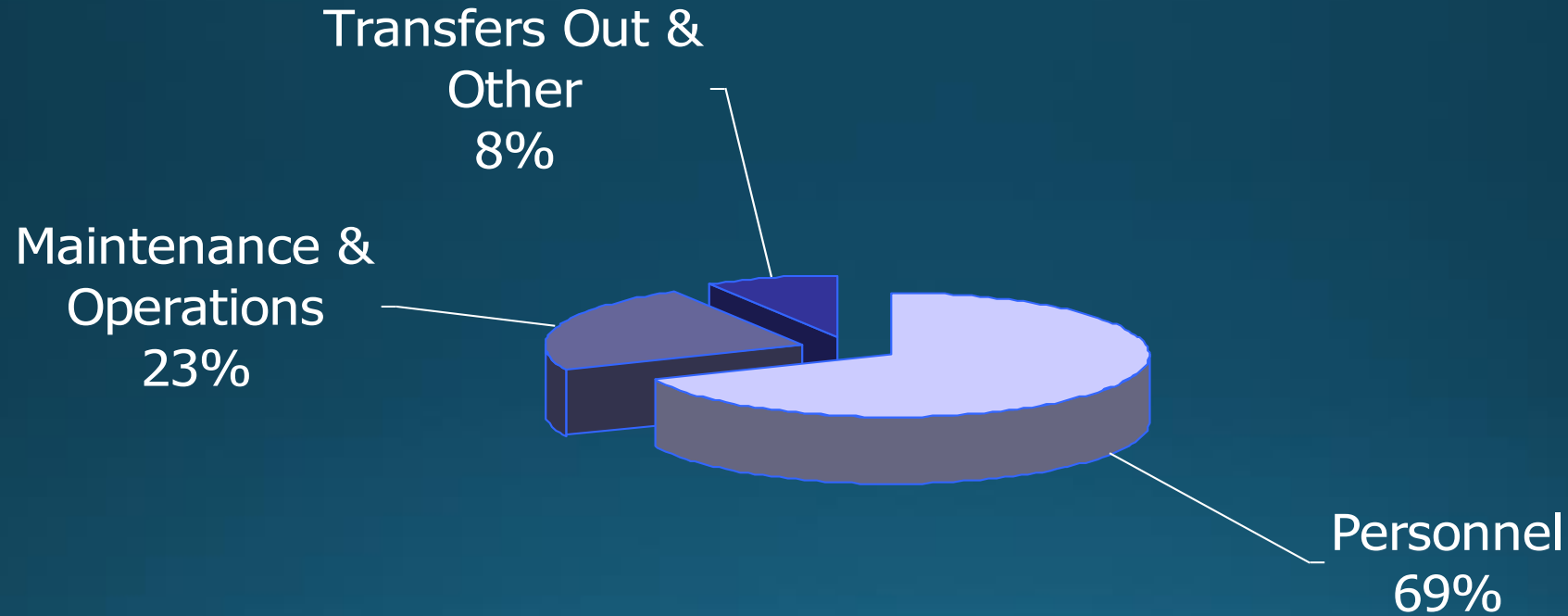
- Fiscal Year 2016/17

- Personnel Costs \$25.69M
- Maintenance & Operations \$8.31M
- Transfers & Other \$2.95M

- **TOTAL** **\$ 36.95M**

General Fund Overview

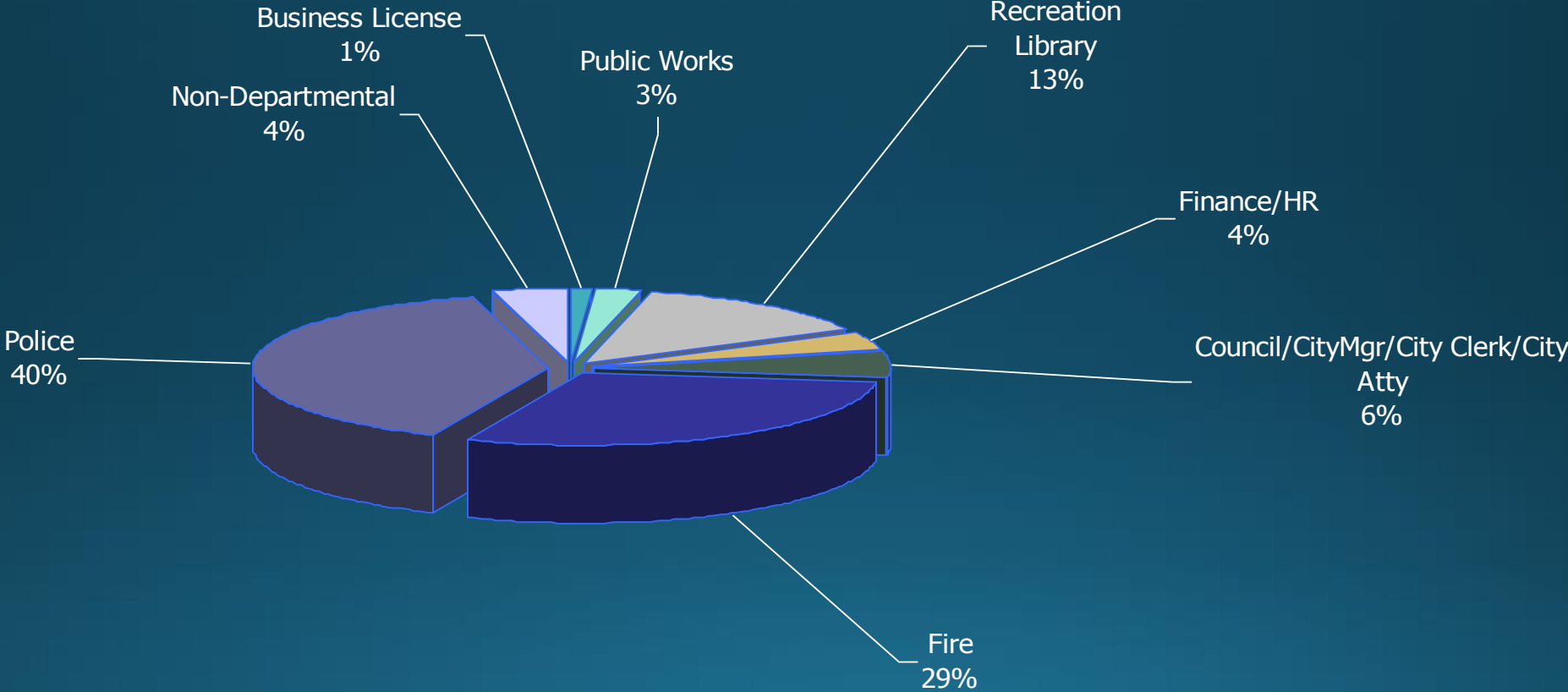
FY 2015/16 Expenditures By Type



Expenditures By Type

General Fund Overview

FY 2015/16 Expenditures By Category



Expenditures By Category

General Fund Expenditures

FY 2015-17 Expenditure Budget Overview

- Maintenance & Operations (M & O) Overview
 - M&O costs are estimated to increase of 3.4% in FY 2015/16 and .7% in FY 2016/17
- Personnel Cost Overview
 - Proposed budget includes a net increase of three (3) new positions
 - 3 positions in the Police Department
 - 1 position held vacant in the Fire Department
 - 1 position in the Public Services Department
 - Overall personnel costs are under 70% of total expenditures, providing the City with flexibility to address budgetary issues
 - FY 2015/16 personnel costs are up 5.7%
 - FY 2016/17 personnel costs are up 4.3%
 - Cost increase primarily attributable to pension rates
 - Employee contributions continue to help offset future increases

General Fund Expenditures

CalPERS Rate Overview

- CalPERS enjoyed an 18.4% investment return in FY 2013/14
 - These enhanced earnings above the established 7.5% discount rate set by CalPERS will offset upcoming pension cost increases
- Recently, CalPERS has also made significant adjustments to their actuarial assumptions, the most significant of which involved increasing life expectancy assumptions and implementation of a new rate smoothing policy
 - These changes have resulted in a gradual increase in employer pension contribution costs

General Fund Expenditures

CalPERS Rate Analysis

- **New Smoothing Policy**
 - Adopted by CalPERS Board in April 2013
 - Designed to pay down unfunded liability faster
 - Impacts employer rates beginning in FY 2015-16
- **New Asset Allocation and Actuarial Assumptions**
 - Change in demographic and mortality assumptions
 - Impacts employer rates beginning in FY 2016-17
- **New Risk Pooling Structure**
 - Impacts employer rates for beginning in FY 2015-16
- All changes have been factored into budget projections

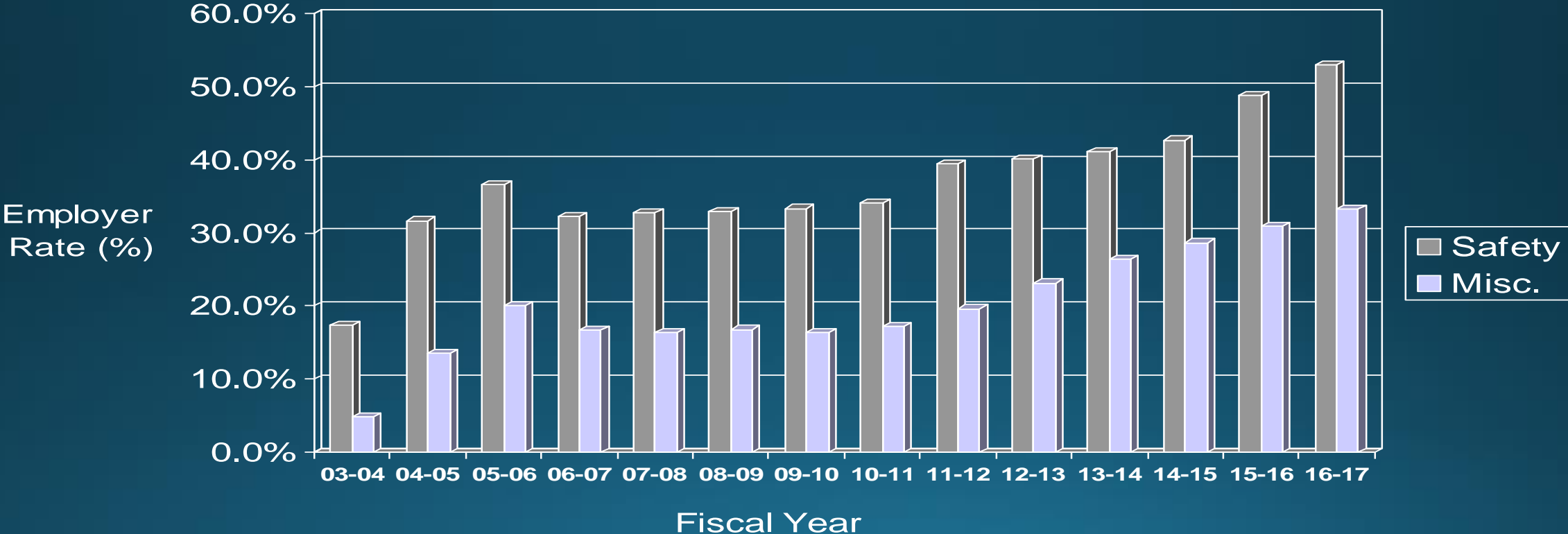
General Fund Expenditures

CalPERS Rate Impacts

- Local Monrovia Pension Cost Saving Efforts
 - All employee groups are currently paying employee share of pension costs
 - Equals \$1.7M savings annually for the City
 - During the past six years, this change has resulted in the City saving more than \$5.6M, including 2014-15
 - New PEPRRA Pension Tier Savings
 - Affects “new” employees hired after January 1, 2013
 - Most savings realized in future years
 - Estimated savings for Public Safety
 - 2015-16 = \$455K
 - 2016-17 = \$673K
 - 2017-18 = \$905K
 - Over \$2M beginning in 2023-24

CalPERS Employer Rates

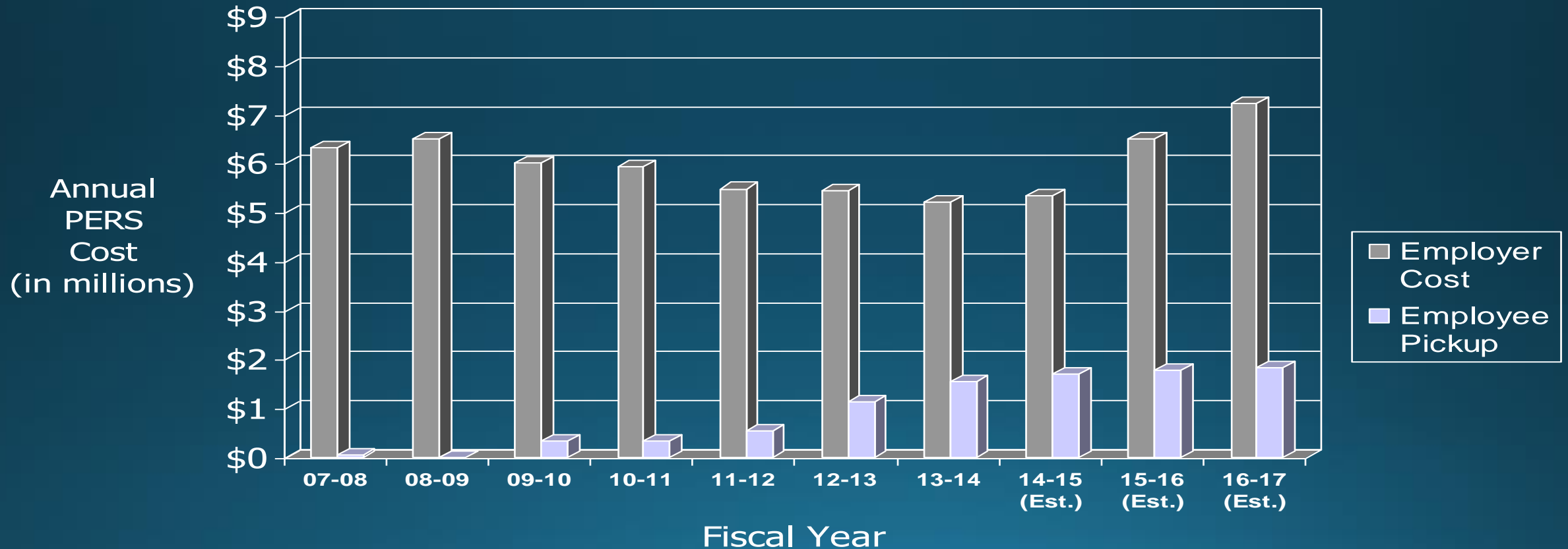
Non-PEPRA Cost Ratios



Public Safety rates above include 11% for 2010 Pension Obligation Bonds

CalPERS

Employer Cost vs. Employee Pickup





General Fund Overview

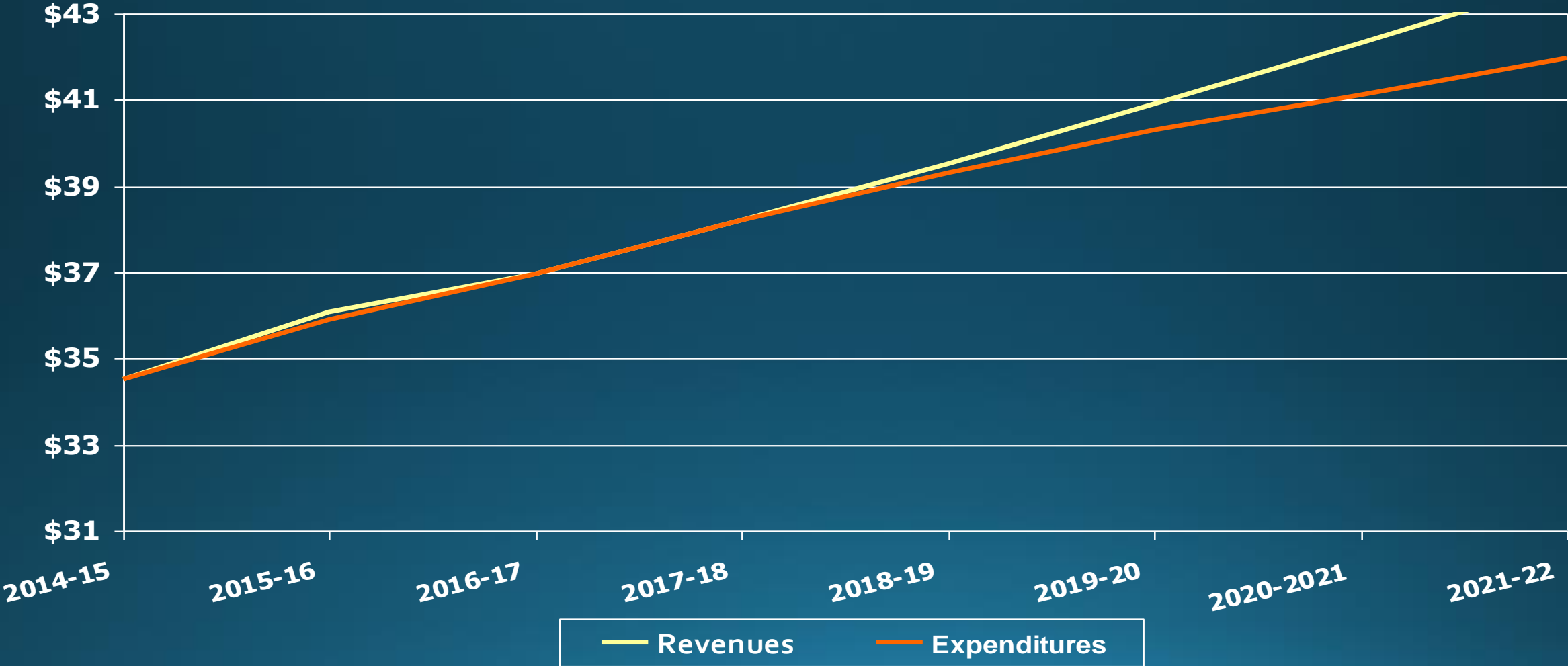
Long Range Financial Forecast

General Fund

Long Range Forecast Methodology

- Expenditure Assumptions
 - Personnel Costs = 3% increase
 - Maintenance & Operations = no increase
- Revenue Assumptions
 - Sales tax = 3%
 - Property Tax = 5%
 - Other Revenues = 2-3%
- Estimates based on the following assumptions
 - Long term fiscal responsibility is always a priority
 - Cost-containment and realistic revenue growth
 - Funding for reserves when possible

General Fund Five-Year Forecast (in millions)



City of Monrovia

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



Other City Funds

Budgetary Overview

Other City Funds

- Outside of the General Fund, the City also maintains 45 other separate funds which cover all discretionary and restricted revenue sources and expenditures
- An analysis of our other funds for FY 2015/16 and FY 2016/17 illustrates that the total City budget is balanced
 - FY 2015/16 Other Funds Budgetary Overview
 - Revenues \$56.34M
 - Expenditures \$52.89M
 - FY 2016/17 Other Funds Budgetary Overview
 - Revenues \$53.56M
 - Expenditures \$48.79M



Fees & Charges

Proposed Adjustments

Fees & Charges Adjustment Methodology

- Each year, departments conduct a review of key fees that are charged for services
 - The goal of the fee review is to analyze the extent to which costs are recovered for specific non-general services provided by the City
 - Based on that assessment, a reasonable and recommended fee schedule is proposed for consideration
- Fees are typically established either by statute, survey results, and / or a comprehensive service delivery cost analysis

Fees and Charges

Police Department Fee Adjustments

Service Description	Fee	Comments
Permitted Parking	\$30	
30-Day Temporary Parking Permit	\$15	
Microfilm Reproduction	\$20	
Vehicle Equipment Correction Inspection-Resident	\$15	New reduced rate for residents

Service Description	Old Fee	New Fee	Comments
Impounded/Abandoned/Abated Vehicle Release	\$133	\$135	
Vehicle Impounds Storage Fee (suspended/no license)	\$144	\$155	
Records Check/Clearance Letter	\$25	\$45	
Photo Reproduction on CD	\$1.25	\$20	
Video/Audio Reproduction	\$10	\$50	
DUI Arrest/Impound and Report	\$499	\$510	

Fees and Charges

Public Services Recreation Fee Adjustments

Service Description	Old Fee	New Fee
Community Center Multi-Purpose Room	\$25	\$30
Canopy Rental	\$25	\$30
Urban Park Quadrant Fee	\$150/hour	\$175/hour
Canyon Park Bus Parking	\$15/visit	\$20/visit
Canyon Park Annual Parking Pass	\$60	\$65

Recreation fee increases have been approved by the Community Services Commission.

Fees and Charges

Community Development Fee Adjustments

Service Description	Old Fee	New Fee	Comments
Major Conditional Use Permit Review-All Others	\$1,250	\$1,375	Plus publication fee.
Major Conditional Use Permit Review-New Construction	\$2,400	\$2,640	Plus \$.03 per SF over 50,000 SF (non-residential), plus publication fee Plus \$150 per unit (residential) when no subdivision map requested
Minor Conditional Use Permit Review	\$500	\$550	Plus publication fee.
Conditional Use Permit Amendment	\$1,050	\$1,155	Plus publication fee.
Major Variance Review	\$1,500	\$1,650	Plus publication fee.
Exceptions Review	\$340	\$370	Plus publication fee.
Misc. Dev. Review-Single Family Addition	\$155	\$170	
Misc. Dev. Review-Single Family New	\$185	\$205	
Misc. Dev. Review-Office/Commercial/Industrial/Multi Family Residential 2+ With Dev. Review Committee Decision	\$825	\$900	

Fees and Charges

Community Development Fee Adjustments

Service Description	Old Fee	New Fee	Comments
Hillside Development Permit Review	\$630	\$2,000	
Building Permit/Plan Revision Checking:			
Based on Valuation:			
\$1-\$500	\$28	\$35	Base fee for first \$500
\$501-\$2,000	\$32.10-\$89.50	\$35.00-\$111.50	\$35.00, plus \$5.10 for each add'l \$100
\$2,001-\$25,000	\$104.50-\$434.50	\$111.51-\$502.50	\$111.50, plus \$17 for each add'l \$1,000
\$25,001-\$50,000	\$448.60-\$787.00	\$502.51-\$833.75	\$502.50, plus \$13.25 for each add'l \$1,000
\$50,001-\$100,000	\$795.10-\$1,192.00	\$833.76-\$1,283.75	\$833.75, plus \$9.00 for each add'l \$1,000
\$100,001-\$500,000	\$1,198.10-\$3,632.00	\$1,283.76-\$4,083.75	\$1,283.75, plus \$7 for each add'l \$1,000
\$500,001-\$1,000,000	\$3,637.75-\$6,507.00	\$4,083.76-\$7,458.75	\$4,083.75, plus \$6.75 for each add'l \$1,000
\$1,000,001 and up	\$6,511.75 and up	\$7,458.76-\$30,458.75	\$7,458.75, plus \$5.75 for each add'l \$1,000

Fees and Charges

Community Development Fee Adjustments

Service Description	Old Fee	New Fee	Comments
Commercial Roof Mounted Solar Permit Fee:			
Based on Valuation:			
\$1-\$500	\$28	\$35	Base fee for first \$500
\$501-\$2,000	\$32.10-\$89.50	\$35.00-\$111.50	\$35.00, plus \$5.10 for each add'l \$100
\$2,001-\$25,000	\$104.50-\$434.50	\$111.51-\$502.50	\$111.50, plus \$17 for each add'l \$1,000
\$25,001-\$50,000	\$448.60-\$787.00	\$502.51-\$833.75	\$502.50, plus \$13.25 for each add'l \$1,000
\$50,001-\$100,000	\$795.10-\$1,192.00	\$833.76-\$1,283.75	\$833.75, plus \$9.00 for each add'l \$1,000
\$100,001-\$500,000	\$1,198.10-\$3,632.00	\$1,283.76-\$4,083.75	\$1,283.75, plus \$7.00 for each add'l \$1,000
\$500,001-\$1,000,000	\$3,637.75-\$6,507.00	\$4,083.76-\$7,458.75	\$4,083.75, plus \$6.75 for each add'l \$1,000
\$1,000,001 and up	\$6,511.75 and up	\$7,458.76-\$30,458.75	\$7,458.75, plus \$5.75 for each add'l \$1,000

Fees and Charges

Engineering Fee Adjustments

Service Description	Old Fee	New Fee	Comments
Street Vacation Processing	Actual Cost	Actual Cost + 15%	15% Administrative Cost
Final Maps (Parcel Map and Tract Map)	Actual Cost	Actual Cost + 15%	15% Administrative Cost. Deposit Required = \$1,500
Lot Line Adjustment	Actual Cost	Actual Cost + 15%	15% Administrative Cost. Deposit Required = \$1,000

Fees and Charges

Environmental Services Fee Adjustments

Service Description	Old Fee	New Fee	Comments
Residential Waste Impact Fee	\$2.50	To Be Determined (CPI to be released May 22 nd)	AB 939 Fee; Annual CPI increase approved via Resolution 2008-67

Fees and Charges

Business License Fee Adjustments

Service Description	Fee	Comment
Residential Rental Property Owner	\$27 per unit	Properties with 1 or 2 Units
New Application Fee- Residential	\$30 first year \$15 each subsequent year	
Commercial Rental Property Owner	\$155 Base Fee	
New Application Fee - Commercial Owner	\$30 first year \$15 each subsequent year	

Service Description	Old Base Fee	New Base Fee	Old Per Employee	New Per Employee	Comments
Regular Business License (In Town)	\$145	\$155	\$11	\$13	
Regular Business License (Out of Town)	\$145	\$155	\$11	\$13	
Home Occupation License	\$72	\$77	\$0	\$0	
Hotels/Motels	\$16	\$21	\$0	\$0	Base rate per room
Residential Rental Property Owner	\$22	\$27	\$0	\$0	3+ units
Delivery Truck Businesses	\$48	\$53	\$0	\$0	Base rate per truck
3-Month License	\$87	\$92	\$6	\$7	
Single Job License	\$43	\$48	\$3	\$4	

Fees and Charges

Fire Department Fee Adjustments

Service Description	Old Fee	New Fee	Comments
Fire and Life Safety System Plan Check/Inspection	\$170 plus \$15 per device	\$250 plus \$18 per device	
Plan Check and Inspection Fees	All based on actual costs, except for two	All based on actual costs	Fully burdened Fire Prevention hourly rate
Optical Scanning of plans and calculations	\$2.25 per page	\$10 flat, plus \$.10 per page	
Fire False Alarms	Ranges from \$103-\$700 per response	\$408 per response	No charge for 1 st and 2 nd response
Hazardous Materials Review and Inspection	Ranges from \$103-\$865	Ranges from \$205-\$954	
Fire Incident Report Copy- Orig. Document Preparation (over 15 minutes)	\$10	Actual Cost	Fully burdened hourly rate, in 15 minute increments
Engine Company Inspection (with no annual fire permit)- Commercial & Rental (5-50 units) Second Re-inspection	Ranges from \$103-\$618 Ranges from \$144-\$216	Ranges from \$187-\$890 Actual Cost	First re-inspection- No Charge
Annual Fire Permit (Includes Engine Company Inspection)	Ranges from \$86-\$172	Ranges from \$165-495	New business categories identified.
Failure to Obtain Required Permit	Double fee	\$500	

Fees and Charges

Fire Department Fee Adjustments

Service Description	Old Fee	New Fee	Comments
Fire Prevention Inspection (Non-Engine Company)- Commercial & Rental (5-50 units) Second Re-inspection	Ranges from \$43-\$432 Ranges from \$194-\$432	Ranges from \$66-\$481 Actual Cost	First re-inspection- No Charge Fully burdened Engine Company hourly rate
Water/Flood Pumping, Covering & Cleanup- Additional Non-Emergency Minor Incident	\$755	Actual Cost	Fully burdened Engine Company hourly rate
Hydrant System Flow Test-Checking Consultant's Test	\$43	Actual Cost	Fully burdened hourly rate plus materials
Underground Tank Installation/Removal Inspection (2 hr minimum)	\$185	Actual Cost	Fully burdened hourly rate plus materials
Weed Abatement: Admin Fee for City-Administered Abatement Failure to Abate- Re-inspection Fee	\$309 \$86	Actual Cost Actual Cost	Fully burdened hourly rate plus legal fees
State Mandated Fire Inspections	Ranges from \$86-\$1,525	Ranges from \$165-\$2,640	



Hillside Wilderness Preserve

Bond Refinance Cost Savings

Hillside Bonds Refinance Savings

- The City's Hillside Bonds were refinanced this past Spring
 - This refinancing will result in approximately \$100,000 of interest savings each year going forward
 - The original Measure B allowed that any annual savings could be used for either Hillside Wilderness Preserve maintenance costs or the early repayment of the bonds

Options For Use of Refinanced Savings

- Option 1: Expand Maintenance & Monitoring Efforts in the HWP
 - New Department of Public Services would be responsible for enhanced maintenance and monitoring efforts in the HWP
 - The additional revenue would be used for the following efforts
 - Expanded trail maintenance
 - Increased monitoring of the HWP trails
 - Execution of mitigation plans for the Resource Management Plan
 - Implementation of the Community Wildlife Protection Plan
- Option 2: Reduce Parcel Tax Charged to Property Owners
 - Savings could be used to reduce the average property tax bill by \$0.59 / month
 - The average property tax cost for the Hillside Bonds is currently \$39 / year
- Option 3: Pay Bonds Off Early
 - Savings could be used to increase our debt service payments to pay off the Hillside Bonds earlier
 - This option would result in the bonds being paid off around three (3) years sooner than currently planned

Option 1 Recommended

- Based on the current situation with the Hillside Wilderness Preserve, staff would recommend that Option 1 be implemented
 - This would allow the City to hire additional staff in the Department of Public Services to expand our maintenance and monitoring efforts in the HWP



Capital Improvement Program

Overview of Proposed Plans

Comprehensive CIP Plan Developed

- Staff has been working on the development of a comprehensive citywide CIP Plan
 - The largest proposed project in the CIP Plan is an initiative that has been dubbed *Monrovia Renewal*
 - The overall *Monrovia Renewal* project is estimated to cost around \$51.7 million and would involve the following
 - Repair / replace every street with a pavement condition index (PCI) rating of less than 70
 - Repair / replace all necessary water transmission pipes and water production facilities
 - Repair / replace all necessary sewer lines
 - Based on the current plan, the overall proposed project would begin in early 2016 and would be completed within 3-5 years
 - In addition to *Monrovia Renewal*, the proposed budget calls for a base \$3.59M CIP Plan

Monrovia Renewal

Projected Project Costs

MONROVIA RENEWAL	
CIP Project Costs	
Streets	\$ 14,801,788
Water System	\$ 13,432,000
Water System - Streets	\$ 9,826,000
Sewer System	\$ 8,282,038
Sewer System - Streets	\$ 5,365,000
TOTAL	\$ 51,706,826

Monrovia Renewal

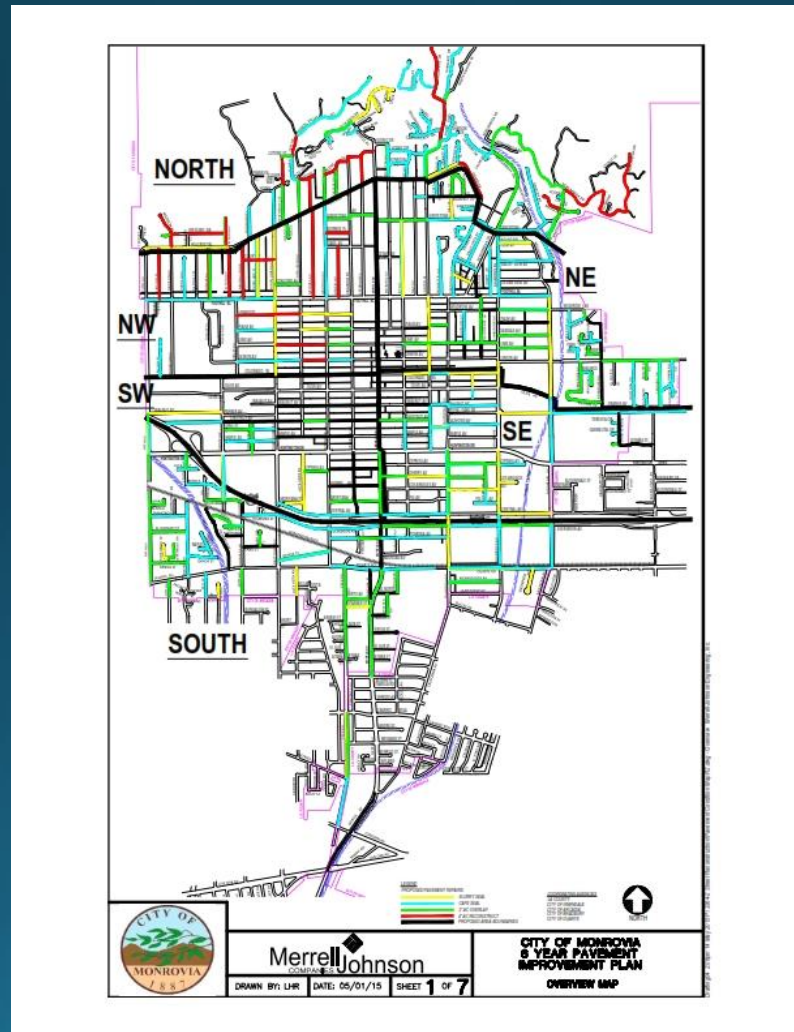
Street Repair Projects

- Earlier this year, the City completed an overall pavement condition index (PCI) study, which assigned a numerical rating of between 0 to 100 for every street in Monrovia
 - We currently have around 110 lane miles worth of streets in Monrovia that have a PCI rating under 70
 - 85 – 100: Good
 - 70 – 84: Satisfactory
 - 55 – 69: Fair
 - 40 – 54: Poor
 - 25 – 39: Very Poor
 - 0 – 24: Failed
 - This equates to approximately 10.1 million square feet of roads that are rated between Fair and Failed

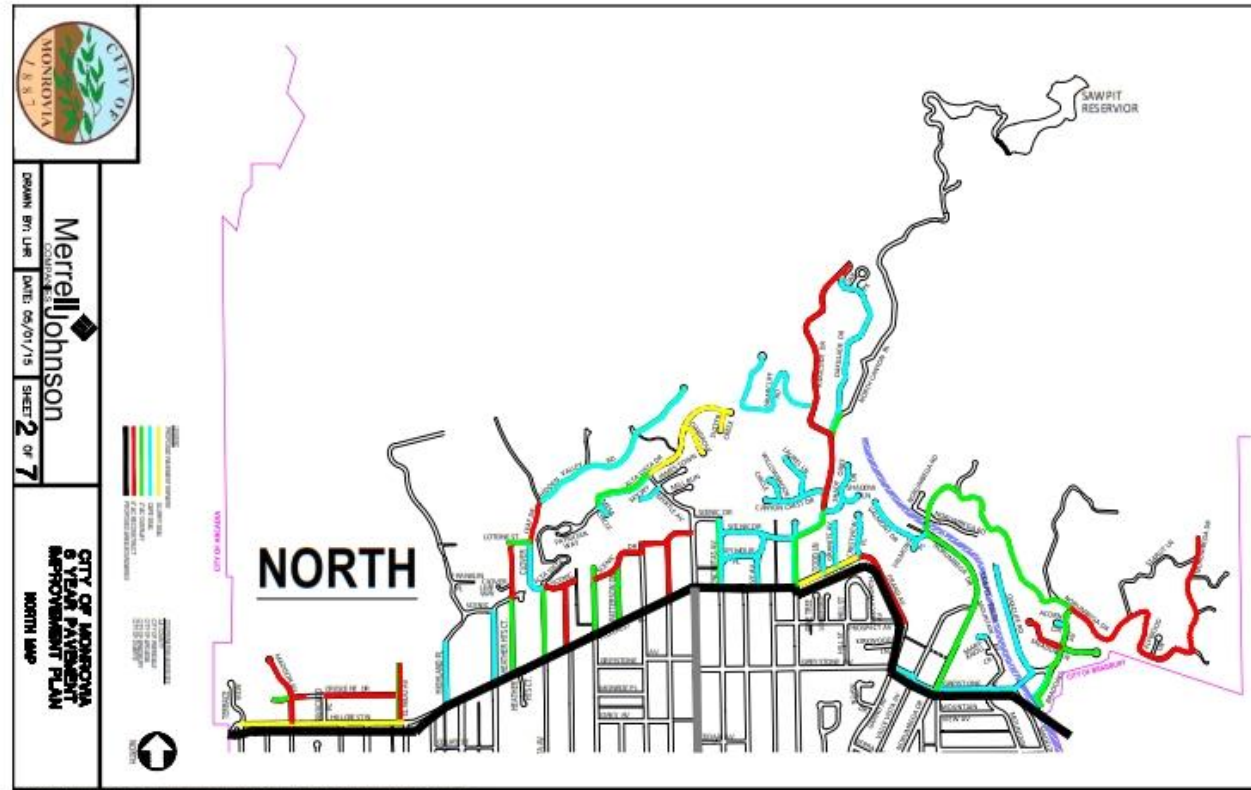
Monrovia Renewal Street Repair Projects

- After completing the PCI study, the City commissioned a citywide street reconstruction plan conducted by Merrell Johnson Engineering
 - Concurrently, the City also commissioned a Sewer Master Plan (Hall & Foreman) and a Water Capital Master Plan (Civiltec)
- Once the studies were completed, the plans were merged to develop the *Monrovia Renewal* proposal
 - The capital plans were overlaid by dividing the City into six (6) separate sections
 1. North
 2. Northwest
 3. Northeast
 4. Southwest
 5. Southeast
 6. South

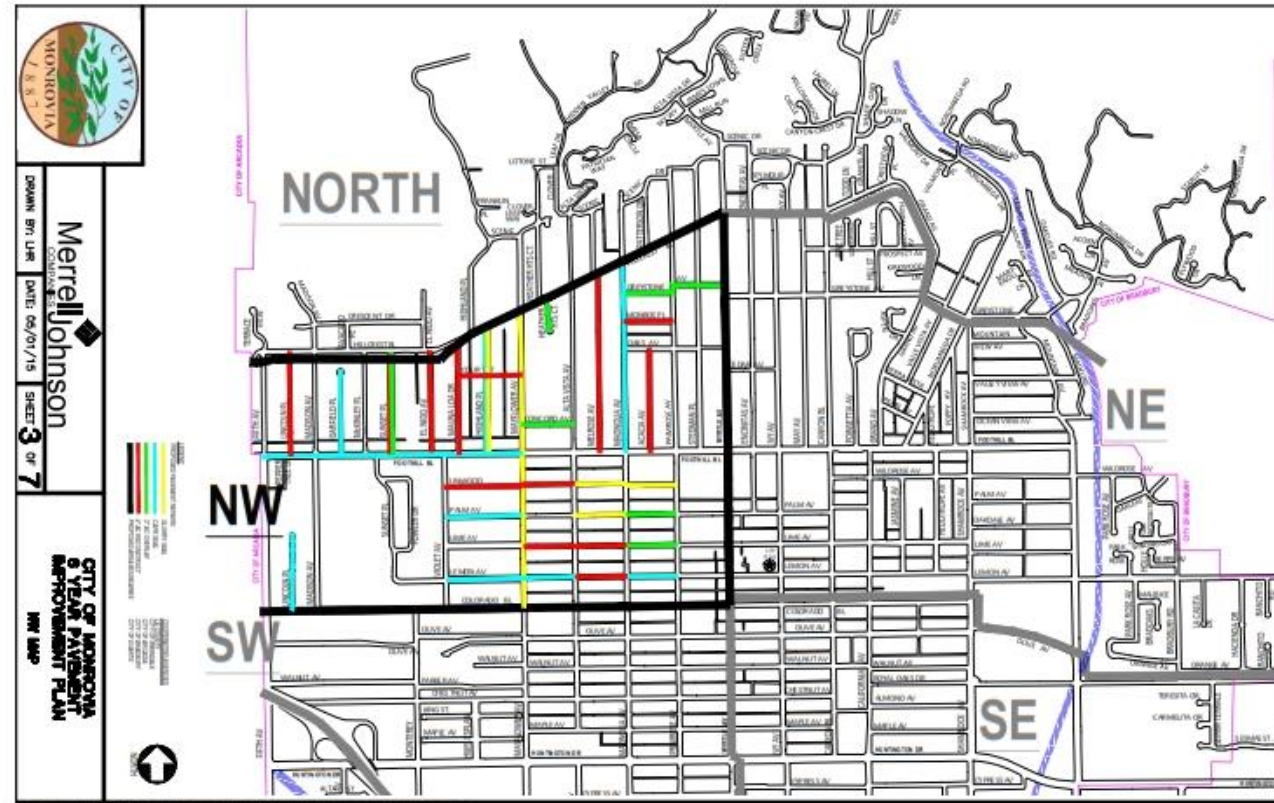
Monrovia Renewal Street Repair Projects – Overview



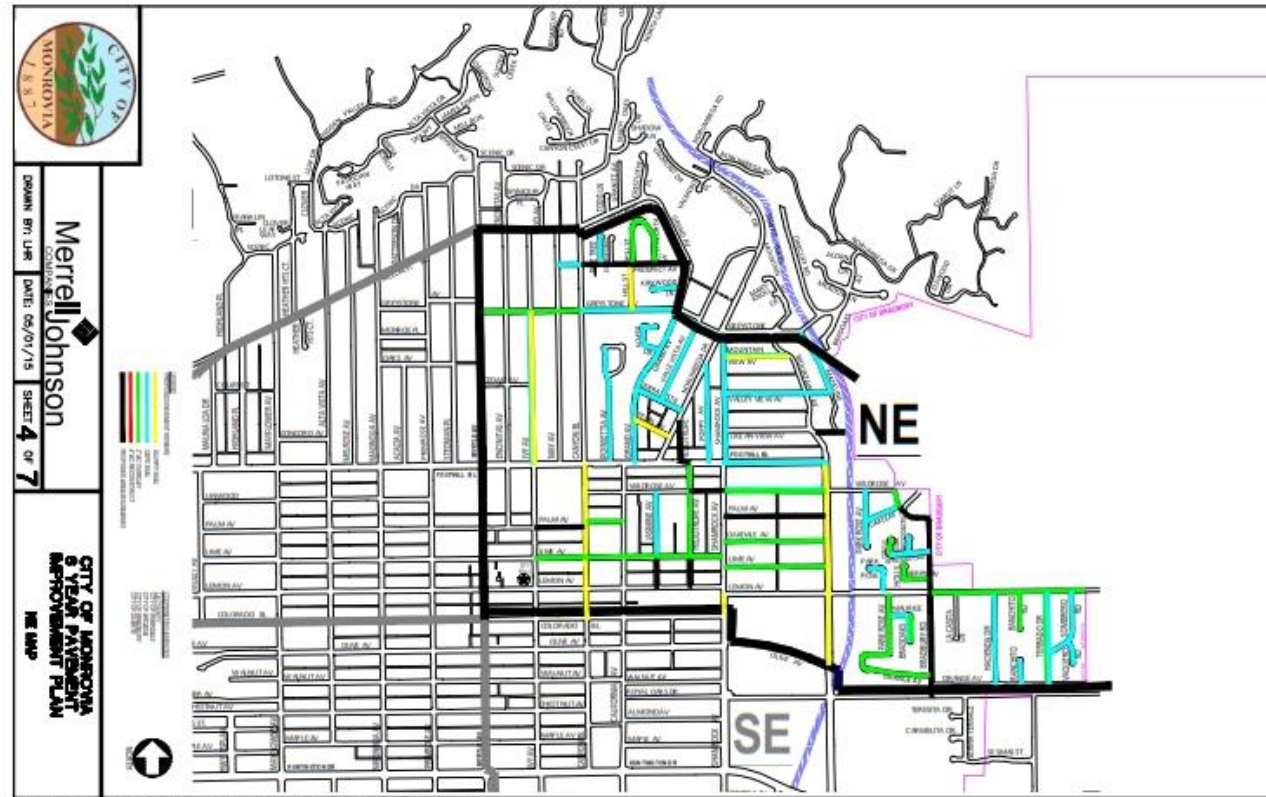
Monrovia Renewal Street Repair Projects – North



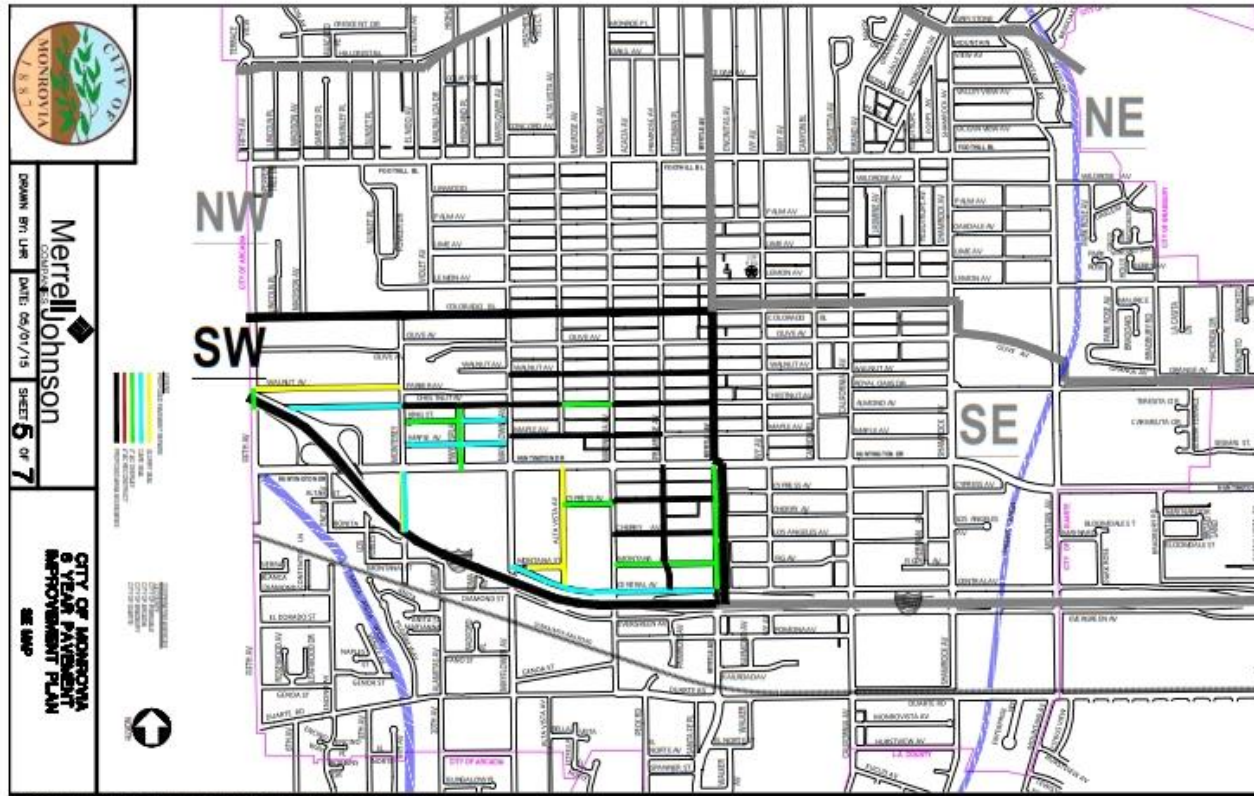
Monrovia Renewal Street Repair Projects – Northwest



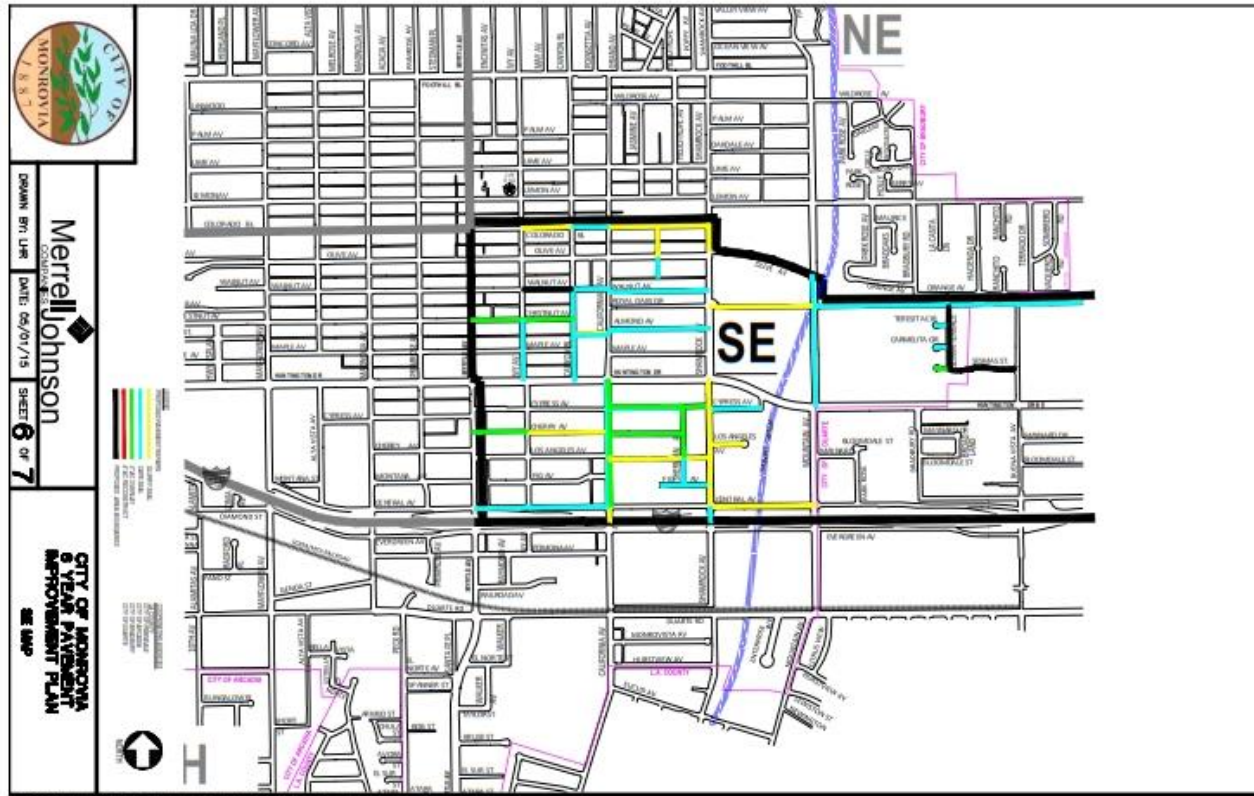
Monrovia Renewal Street Repair Projects – Northeast



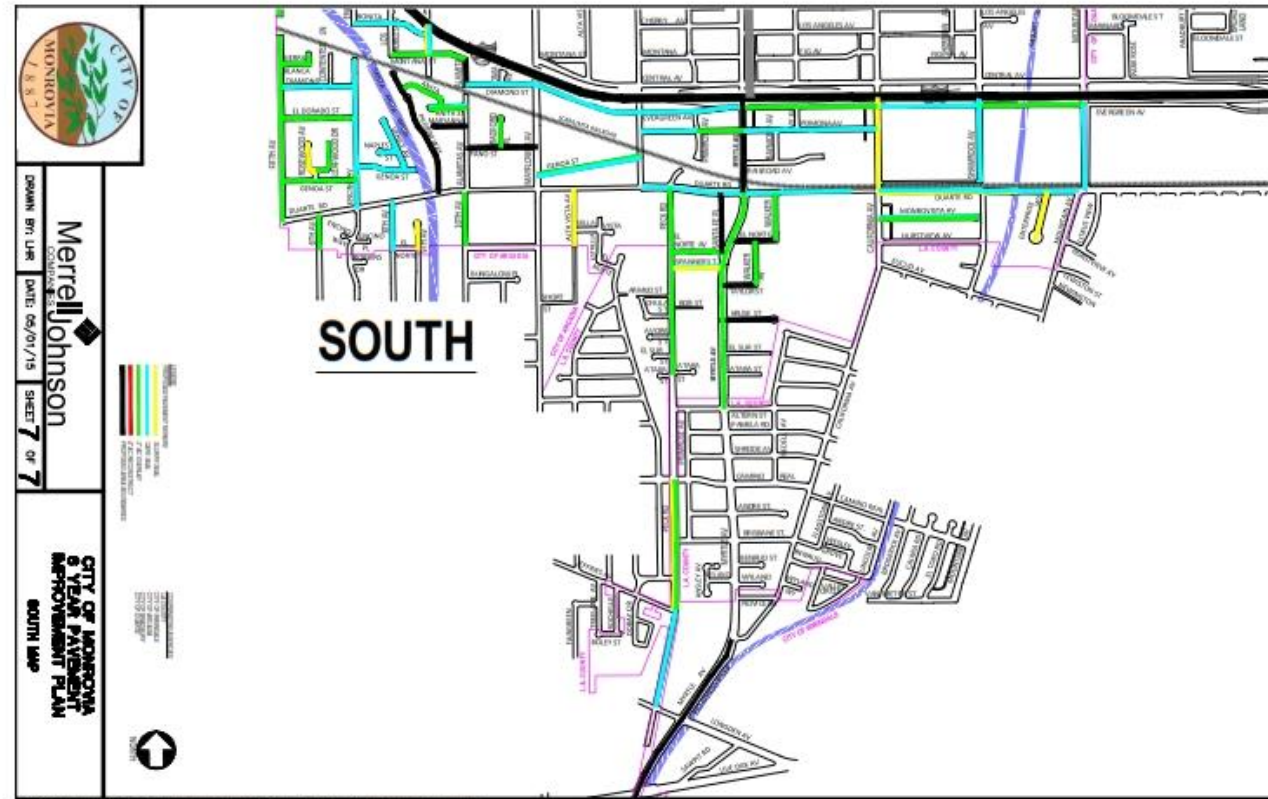
Monrovia Renewal Street Repair Projects – Southwest



Monrovia Renewal Street Repair Projects – Southeast



Monrovia Renewal Street Repair Projects – South



Monrovia Renewal Street Repair Project Costs

- Based on the plan that has been developed, the street repair costs that are not associated with the water system and sewer system upgrades are estimated to cost around **\$14,801,788**
- This is approximately 49% of the total estimated cost for repairing all streets with a PCI rating of less than 70

Paving and Ancillary Costs by Area

TABLE A – AREAS N-NE			
	Plan Area N	Plan Area NW	Plan Area NE
Paving SF	1,738,750	1,348,275	1,998,470
Paving \$	\$ 4,122,182	\$ 2,817,386	\$ 3,224,366
Ancillary Paving \$ (10%)	\$ 412,218	\$ 281,739	\$ 322,437
Ancillary Concrete \$ (15%)	\$ 824,437	\$ 422,608	\$ 483,655
Ancillary Construction \$ (10%)	\$ 412,218	\$ 281,739	\$ 322,437
Civil / Survey Design \$ (10%)	\$ 412,218	\$ 281,739	\$ 322,437
Contract / Const. (QAOC) \$ (10%)	\$ 412,218	\$ 281,739	\$ 322,437
Total Area Costs	\$ 6,595,491	\$ 4,366,948	\$ 4,997,767

TABLE A – Areas SW-S			
	Plan Area SW	Plan Area SE	Plan Area S
Paving SF	1,222,230	1,244,225	2,596,170
Paving \$	\$ 2,506,012	\$ 1,524,612	\$ 5,022,655
Ancillary Paving \$ (10%)	\$ 250,601	\$ 152,461	\$ 502,265
Ancillary Concrete \$ (15%)	\$ 375,902	\$ 228,693	\$ 753,398
Ancillary Construction \$ (10%)	\$ 250,601	\$ 152,461	\$ 502,265
Civil / Survey Design \$ (10%)	\$ 250,601	\$ 152,461	\$ 502,265
Contract / Const. (QAOC) \$ (10%)	\$ 250,601	\$ 152,461	\$ 502,265
Total Area Costs	\$ 3,884,318	\$ 2,363,149	\$ 7,785,115

Total Street Reconstruction Cost Summary

TABLE B – AREAS N-S			
	Total Plan Costs	Total SF Paving	Costs / SF
Area N	\$ 6,595,491	1,738,750	\$ 3.79
Area NW	\$ 4,366,948	1,348,275	\$ 3.24
Area NE	\$ 4,997,767	1,998,470	\$ 2.50
Area SW	\$ 3,884,318	1,122,230	\$ 3.46
Area SE	\$ 2,363,149	1,244,225	\$ 1.90
Area S	\$ 7,785,115	2,596,170	\$ 3.00
Total Area Costs	\$ 29,992,788	10,048,120	\$ 2.98

Monrovia Renewal Water System Projects

- Water system projects identified in the *Monrovia Renewal* CIP Plan include the following
 1. Pipeline projects throughout the City
 2. Replace Oakdale Tank with a 1.5 MG tank
 3. Site and construct a new well with a capacity of 3,500 gpm
 4. Water treatment tower with a capacity of 2,000 gpm
 5. Install a new booster in parallel with existing Wellfield Booster Pumps
 6. Replace electrical for 3 well pumps, 5 booster pumps, and 2 treatment pumps
 7. Replace May Booster Pump with a new 125 HP pump / motor
 8. Replace two internal isolation valves at Mountain Tank
 9. Replace four dividing wall valves at the Cloverleaf Tank
 10. Install altitude valves at the Radford / May Tank site
 11. Install bypass pumping and isolation valves at the Wellfield site
 12. Equip the Ridgeside Booster Station with a transfer switch

Monrovia Renewal Water System Costs

- The overall water system CIP Projects include the following:
 - Pipeline Projects \$2,502,000
 - Facility Projects \$7,180,000
 - Meter / System Upgrades \$3,750,000
 - Water System Street Repair Costs \$9,826,000

 - **TOTAL** **\$23,258,000**

Monrovia Renewal Sewer System Projects

- The sewer master plan identified the following major deficiencies that need to be addressed
 - 57 line segments (17,000 linear feet) of sewer pipeline with severe structural defects
 - Additional CCTV of 92.38 miles of City sewer lines
 - 1,859 manholes need to be inspected
 - 44 line segments of sewer pipeline in need of hydraulic improvements

Monrovia Renewal Sewer System Projects



Figure 7-1 Hydraulically and Structurally Deficient Line Segments

Monrovia Renewal Sewer System Costs

- The overall sewer system CIP Projects include the following:
 - Sewer Rehabilitation \$8,282,038
 - Sewer System Street Repair Costs \$5,365,000

 - **TOTAL** **\$13,647,038**

Monrovia Renewal Project Funding Option

- Costs associated with executing the overall *Monrovia Renewal* CIP Plan include the following
 - Water System – \$23.3M
 - Sewer System – 13.7M
 - Street System – \$14.8M
- Staff has developed a three-tiered funding option to pay for the *Monrovia Renewal* CIP Plan
 - Water Rate Increase
 - Typical single-family residence would see an \$10 / month increase
 - Sewer Rate Increase
 - Customers would see a \$4 / month increase
 - Financing utilizing Proposition C / Measure R
 - No additional costs to customers
- This means that the overall entire *Monrovia Renewal* CIP Plan could be executed at a total cost of approximately \$14 / month for the typical single-family residence
 - If approved, the current *Monrovia Renewal* program would see the City initiating construction activities in early 2016, with the completion of the overall project scheduled to occur in 3-5 years

Monrovia Renewal Water Rate Review

- Our current water system repair costs are estimated at \$23.3M
- The new water rate structure could generate between \$1.5M – \$1.8M per year in new revenues
- Using this new revenue, a financing program could generate around \$24M for water system improvements
- Current and potential future monthly water rates for a typical single family residence:

Service Description	Current Monthly Water Rates	Potential Monthly Water Rates	Monthly Increase
Stand by charge	\$7.88	\$14.88	\$7.00
Per unit consumption rate	\$1.45	\$1.65	\$3.00*

* Based on average of 15 units of consumption

Monrovia Renewal

Proposed Water Rate Comparison

- Proposed Monrovia Water Rate
 - Standby - \$14.88
 - Consumption - \$1.65
- Water Rate Costs For Neighboring Communities
 - La Verne
 - Stand by - \$13.65
 - Consumption - \$2.46
 - Arcadia
 - Stand by - \$6.14
 - Consumption - \$1.40
 - Azusa
 - Stand by - \$17.03
 - Consumption - \$1.48
 - Covina
 - Stand by - \$33.24
 - Consumption - \$2.71

Monrovia Renewal Sewer Rate Review

- Our current sewer system repair costs are estimated at \$13.7M
- The new water rate structure could generate between \$800,000 – \$900,000 per year in new revenues
- Using this new revenue, a financing program could generate around \$14M - \$15M to pay for sewer system improvements
- Current and potential future monthly water rates for a typical single family residence:

Service Description	Current Monthly Sewer Rates	Potential Monthly Sewer Rates	Monthly Increase
Single Family Residence	\$4.77	\$8.77	\$4.00

Monrovia Renewal

Sewer Rate Comparison

- Proposed Monrovia Monthly Sewer Rate Cost
 - \$8.77
- Sewer Rate Costs For Neighboring Communities
 - La Verne - \$9.50
 - Arcadia - \$4.21
 - Azusa - \$9.85 - \$13.20

Monrovia Renewal Street Funding Overview

- Our current street repair costs are estimated at \$14.8M
- The City currently receives both Proposition C and Measure R revenues on an annual basis
 - Proposition C (no sunset date) – approximately \$500,000 / year
 - Measure R (25 years remaining) – approximately \$400,000 / year
- Proposition C and Measure R restricted special revenues that are eligible for use towards a variety of street and transportation projects
- Using these two ongoing revenue sources, a financing program could generate around \$15M to pay for street repairs
 - Furthermore, based on staff assessment of our other ongoing revenue sources, even with this utilization of Proposition C and Measure R funds, the City would still have the resources to perform ongoing street maintenance activities

Monrovia Renewal

Proposition 218 Implications

- In order to implement the entirety of the *Monrovia Renewal* CIP Plan, it will be necessary to adjust water and sewer fees, which requires a Proposition 218 public protest hearing
 - Proposition 218 requires that before the City can increase its water and / or sewer fees, the City Council must conduct a public protest hearing no sooner than 45 days after notices are distributed

Monrovia Renewal Options For Consideration

- Option 1

- Direct staff to move forward with the *Monrovia Renewal* CIP Plan as outlined in this report
 - This would involve coordinating a Proposition 218 process to adjust water and sewer rates and initiating a financing plan to raise the funding necessary to complete the proposed project
 - The proposed increase would be \$14 / month (\$10 / month water, \$4 / month sewer), and the City would utilize those funds to complete all of the identified street, water, and sewer improvements within 3-5 years

- Option 2

- Direct staff to develop an alternative street / water / sewer system repair plan for City Council consideration

FY 2015/16 Base CIP Plan

Program Overview

- Outside of the *Monrovia Renewal* program, staff has also developed a comprehensive base CIP Plan as part of the FY 2015/16 Budget
 - The base CIP Plan calls for expenditures of \$3.6M on thirty-four (34) separate capital improvement and capital outlay projects

FY 2015/16 Base CIP Plan

Project Listing

Monrovia Renewal Program - Initial Phase	\$750,000
Citywide Sidewalk Repair	\$160,000
Performance Measurement Program	\$10,000
Website Upgrade	\$30,000
Council Chamber Upgrades	\$89,000
IT Upgrades	\$110,300
Online Personnel Evaluation System	\$30,000
EV Charging Stations - Old Town	\$300,000
Bike Master Plan	\$35,000
Park Master Plan	\$35,000
Old Town Holiday Decorations Update (MOTAB)	\$40,000
Old Town Street Light Rehabilitation	\$50,000
Old Town Landscape Design/Improvements	\$165,000
Library Bldg Landscape Design/Construction	\$38,000
Library Bldg LED Replacement	\$8,000
Huntington Drive Median Upgrade	\$750,000
CBRE City ED Program	\$50,000

Julian Fisher Park - Local Match	\$140,000
City Hall - HVAC (Repair)	\$25,000
City Hall Upgrades (space planner)	\$30,000
City Hall - Emergency Generator Hookups	\$100,000
City Hall - Drought Tolerant Design/Landscape	\$50,000
Canyon Park - Cabin Upgrades	\$73,000
Canyon Park Entry Station Roof Repairs	\$10,000
Canyon Park - Dam Keepers Roof Repairs	\$10,000
Historical Museum - Roof Repairs	\$30,000
Fire Station 101 - Flooring Replacement	\$30,000
Fire Station 102 - Flooring Replacement	\$20,000
Fire Station 103 Upgrades	\$42,000
Monrovia Legacy Project	\$150,000
Boys and Girls Club - HVAC Repairs	\$6,000
EIFD Formation	\$25,000
CD Permitting/Case Mgmt Software Rep.	\$120,000
Mountain Ave/BMW PED Crosswalk	\$80,000



FY 2015/16 & FY 2016/17

Budget Summary

Budget Summary

- FY 2014/15 budget expected to close the year on track as expected
- FY 2015/16 and FY 2016/17 budgets are balanced
 - Budgets have been developed relying on conservative projections that incorporate steady growth in revenues and expenditures
 - The incorporated fee adjustment proposals in the budgets will better align fees being assessed with the cost of services
 - A comprehensive CIP Plan addressing key infrastructure concerns has been developed for City Council consideration
 - An additional base CIP plans call for making additional repairs and enhancements throughout the City
- Based on City Council feedback from the meeting tonight, staff will make requested adjustments and bring back balanced budgets for approval at our June 2, 2015 meeting
- As we move forward into FY 2015/16, staff will continue to provide the City Council with a quarterly budget update



Proposed FY 2015/16 & FY 2016/17 Budget

Questions?

City Council Budget Study Session
2015-17 Fiscal Year Budget
May 19, 2015

