



# CITY COUNCIL AGENDA REPORT



**DEPARTMENT:** Administrative Services

**MEETING DATE:** June 15, 2021

**PREPARED BY:** Buffy Bullis, Administrative Services Director

**AGENDA LOCATION:** AR-2

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**TITLE:** Fiscal Year 2021-2023 Budget, Resolution No. 2021-40; Fiscal Year 2021-2022 Schedule of Fees and Charges, Resolution No. 2021-41; Unfunded Accrued Liability and Other Post Employment Benefit Funding Policy, Resolution No. 2021-42; and Fiscal Year 2021-2023 Authorized Position Listing

**OBJECTIVE:** To present the City of Monrovia's two-year budget for Fiscal Years 2021-23, appropriate the funds necessary to manage all operating and capital improvement costs, approve the Fiscal Year 2021-22 Schedule of Fees and Charges, approve revisions to the City's Unfunded Accrued Liability and Other Post Employment Benefit Funding Policy, and authorize the Fiscal Year 2021-23 Authorized Position Listing

**BACKGROUND:** Each year, the City Council adopts a budget which is focused on the City's mission to serve the people of Monrovia to create a community that offers a premier quality of life. The development of the budget is based on the Citywide Strategic Goals of Customer Service, Financial Management, Infrastructure, and Relationships, and seeks to fund as many priorities in furtherance of these goals as fiscally possible, all while still maintaining a high level of service to the community. Additionally, the development of the budget also incorporates the principles of the City's Financial Resiliency Plan, which includes the following objectives:

Financial Resiliency Plan (FRP) Principles:

1. Protect General Fund dollars and minimize subsidies to any funds that should be self-sustaining. This includes ensuring that user fees cover the cost of providing services.
2. Complete the remaining elements of the City's CalPERS Response (CPR) Plan.
3. Facilitate appropriate new development projects to bolster the City's revenue base.
4. Build up General Fund reserve levels in preparation for a possible future recession.
5. Consider contracting out for services if a significant cost savings has been identified and if appropriate.

Both the Citywide Strategic Goals and the FRP Principles have been incorporated into the development of the Fiscal Year 2021-23 Budget, with a special emphasis placed on building up reserve levels and addressing infrastructure and maintenance needs, whenever possible.

Leading up to the development of the Fiscal Year 2021-23 Budget, ongoing quarterly updates with the City Council have been conducted, throughout the year, to apprise City Council of the ongoing economic impacts of the COVID pandemic. On June 1, 2021, a City Council Budget Study Session was held to discuss the Fiscal Year 2021-23 Budget, and during this study session, City Council reviewed Citywide revenue and expenditure projections, which included a review of operating and CIP budgets, as well as a review of user fees and charges. During the study session, staff also discussed several ongoing budgetary concerns impacting several of the City's funds, including the Lighting and Landscape Assessment District Fund, the Park Maintenance Assessment District Fund, and the Worker's Compensation Fund. As discussed during

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the study session, a long-term approach and solution will need to be developed for these funds to address ongoing structural deficits.

In developing the Fiscal Year 2021-23 Budget, staff has been closely monitoring and assessing the financial impacts of the COVID pandemic on the City's revenues. Based on those projected impacts, a series of cost savings measures have been incorporated into the budget that will help offset the anticipated decrease in revenues, which include:

1. Savings will be achieved by keeping 13 non-critical positions vacant throughout the fiscal year.
2. A thorough review of each operating department's line item budget was performed. Each line item was reviewed and evaluated and significant adjustments were made. When evaluating expenses, adjustments were made that would be least impactful to our residents and businesses.
3. Non-essential overtime was eliminated.
4. Some costs have been shifted from the General Fund to other appropriate funds, which has reduced the overall negative impact on the General Fund.

An important part of the budget adoption is the calculation of the cost of providing fee-based services to individuals, businesses, or groups. For this two-year budget cycle, staff conducted a substantial review of user fees. Staff assumed a 3% across-the-board increase for all fees, and then individually reviewed each fee to determine the applicability of the proposed 3% change. Based on this review, some fees were increased above the 3% (10% of all fees), some were increased by the recommended 3% (55% of all fees), and some remained intact, with no increase (33% of all fees). Additionally, 9 new fees are being proposed and 2 fees are being eliminated due to obsolescence. New fees, along with proposed increases and decreases in existing fees, have been incorporated in the budget projections. A review of the proposed changes was presented during the City Council Budget Study Session.

**ANALYSIS:** The presentation of the proposed budget falls under Citywide Strategic Goal Number 2, Financial Management. The budget was also developed using the Principles of Financial Management, which include developing balanced budgets and keeping adequate reserves. As part of being fiscally responsible, staff sees the process of ongoing dialogue with the City Council and community as an important tool in making sound financial decisions. This is evidenced by regular mid-year budget reviews, periodic City Council updates, and the strategic goals that comprise the overall budget review and control process.

As part of our budget process, each department met with the City Manager and went through every line item in their operational budgets, discussing the needs for every budgeted amount. Adjustments were made to ensure that each department had sufficient budgeted appropriations to meet key strategic goals. In total, the City's overall budgeted appropriations for Fiscal Year 2021-23 are projected to be \$130,803,438 for Fiscal Year 2021-22 and \$128,285,650 for Fiscal Year 2022-23. Below is a discussion of key funds and budgetary highlights for the Fiscal Year 2021-23 Two-Year Budget.

### **General Fund**

The proposed Fiscal Year 2021-23 General Fund budget is structurally balanced in both years, with an expected surplus of \$.13M in Fiscal Year 2021-22 and \$.51M in Fiscal Year 2022-23. Projected expenditures and revenues are outlined in **Exhibit 1** below:

## Exhibit 1

### General Fund Revenues and Expenditures

Budget Category	Fiscal Year 2020-21 Revised Budget	Fiscal Year 2021-22 Proposed Budget	Fiscal Year 2022-23 Proposed Budget
Revenues	\$41.64M	\$45.01M	\$47.30M
Expenditures	\$41.81M	\$44.39M	\$46.24M
Funds Set Aside for Section 115 Trust	<u>\$00.50M</u>	<u>\$00.49M</u>	<u>\$00.55M</u>
Net General Fund Surplus	<u>-\$00.67M</u>	<u>\$00.13M</u>	<u>\$00.51M</u>

#### General Fund Revenues

In preparing the Fiscal Year 2021-23 Budget, staff performed a review of estimated year-end projections for Fiscal Year 2020-21, evaluated the current economic environment, and considered the ongoing impacts from the COVID pandemic. Based on that review, the total proposed General Fund revenue budget is \$45.01M for Fiscal Year 2021-22 and \$47.30M for Fiscal Year 2022-23. As in prior years, key General Fund revenues include property tax, sales tax, transient occupancy tax (TOT), and other revenues. The City's two most impacted revenues from the pandemic in the General Fund continue to be sales tax and TOT. Due to the nature of this pandemic and the corresponding impact to certain segments of the economy, these two revenue sources have been disproportionately impacted when compared to other revenues in the General Fund.

Overall, total General Fund proposed revenues for the two-year budget are outlined in **Exhibit 2** below:

## Exhibit 2

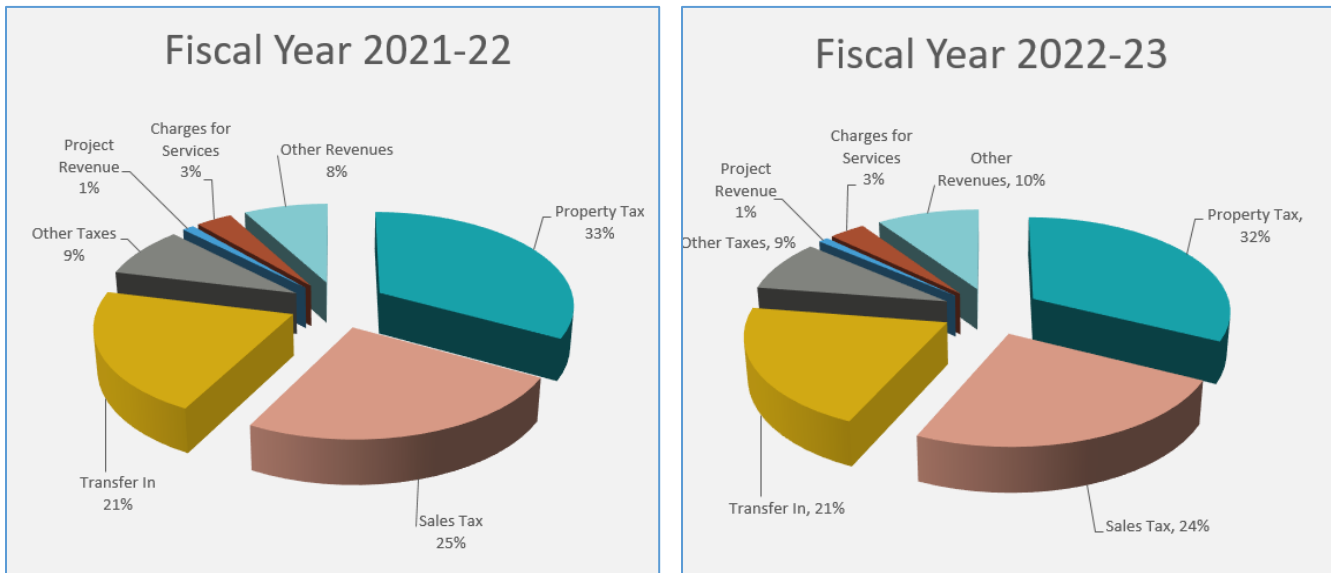
### General Fund Revenues

Revenue Source	Fiscal Year 2020-21 Revised Budget	Fiscal Year 2021-22 Proposed Budget	% Increase Decrease	Fiscal Year 2022-23 Proposed Budget	% Increase Decrease
Property Tax	\$14.00 M	\$14.85 M	6.07%	\$15.30 M	3.03%
Sales Tax	\$10.92 M	\$11.11 M	1.74%	\$11.53 M	3.78%
Transfers In	\$9.30 M	\$9.52 M	2.37%	\$9.81 M	3.05%
Other Taxes (Includes TOT)	\$3.35 M	\$3.90 M	16.42%	\$4.11 M	5.38%
Project/Program Revenue	\$0.81 M	\$0.49 M	-39.51%	\$0.44 M	-10.20%
Charges for Services	\$0.98 M	\$1.54 M	57.14%	\$1.60 M	3.90%
Other Revenues	<u>\$2.28 M</u>	<u>\$3.60 M</u>	57.89%	<u>\$4.51 M</u>	25.27%
Total Revenues	<u>\$41.64 M</u>	<u>\$45.01 M</u>	8.09%	<u>\$47.30 M</u>	5.09%

Additionally, **Exhibit 3**, below, illustrates the breakdown of the various General Fund revenue sources represented as percentages of total General Fund revenues.

## Exhibit 3

### General Fund Revenues



A discussion of the City's key revenue sources is outlined below:

#### Property Tax

Property tax revenue has fared well during the pandemic and continues to be the largest source of revenue in the General Fund. This stable revenue source makes up approximately 32-33% of the General Fund revenues. Overall, property values have remained strong in California despite the pandemic, and home prices are expected to continue to increase in the upcoming year, although at a slower pace than in 2020. Staff is only anticipating a nominal delinquency factor in our calculations, as we do not expect a significant impact from delinquencies. Additionally, as part of our assessment, we considered the fact that Fiscal Year 2021-22 property tax values were set as of January 1, 2021, and were based on sales and new construction that occurred during Calendar Year 2020. In determining the projected revenues for both years, staff consulted with HDL, the City's independent advisor and consultant on revenue finance. Based on this information, for Fiscal Year 2021-22, the proposed budget is \$14.85M, and for Fiscal Year 2022-23, the proposed budget is \$15.30M.

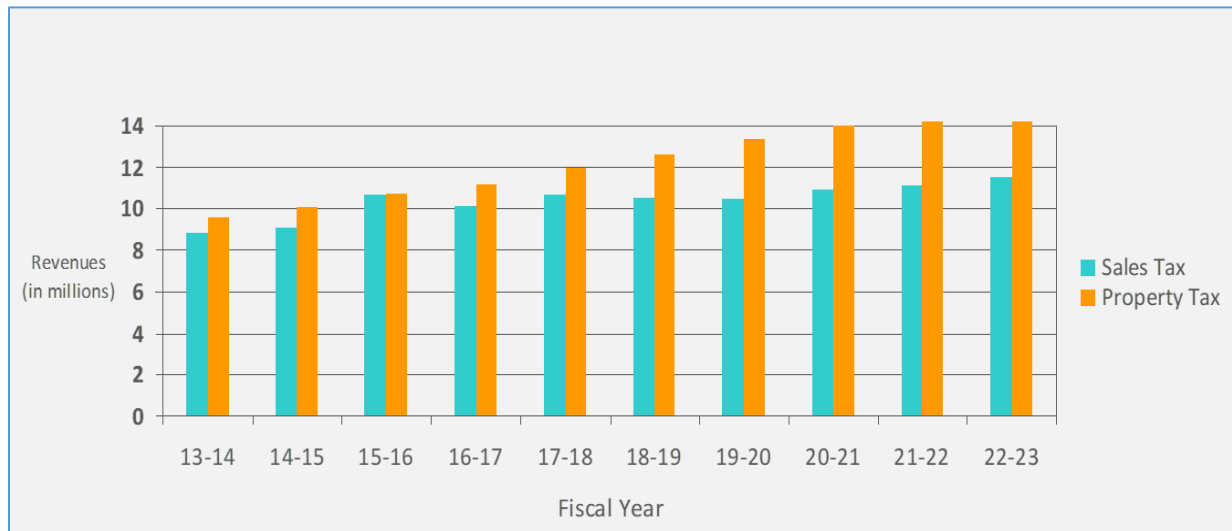
#### Sales Tax

The Bradley Burns 1% Sales Tax continues to be the second largest source of revenue in the General Fund, making up approximately 24-25% of all General Fund revenue. While it was originally expected that sales tax revenue would be severely impacted by the pandemic, this revenue source has fared much better than expected. Strong growth in the State and County Pool allocations have helped to offset negative impacts in some of the other tax categories this past year. Additionally, Autos and Transportation, the City's largest sales tax category, continues to improve as we move out of this recession. Based on this information, for Fiscal Year 2021-22, the proposed budget is \$11.11M, and for Fiscal Year 2022-23, the proposed budget is \$11.53M.

**Exhibit 4** below displays a comparison of Property Tax and Sales Tax revenues from Fiscal Year 2013-14 through the Fiscal Year 2021-23 Two-Year Budget.

## Exhibit 4

### Sales Tax and Property Tax Revenues



#### Transient Occupancy Tax

TOT revenue has been the most impacted General Fund revenue during the pandemic; however, as the economy continues to recover, staff is hopeful for continued growth in this revenue source. While economists are predicting that travel and tourism levels will not return to pre-pandemic levels until 2023, staff is still expecting a certain level of slow and modest growth in this revenue source during the upcoming years. Current occupancy levels for most hotels are ranging between 50-90% compared to normal occupancy levels of 70%-100%.

Using Fiscal Year 2018-19 as a base year (full pre-pandemic year), losses in TOT revenue have been as follows:

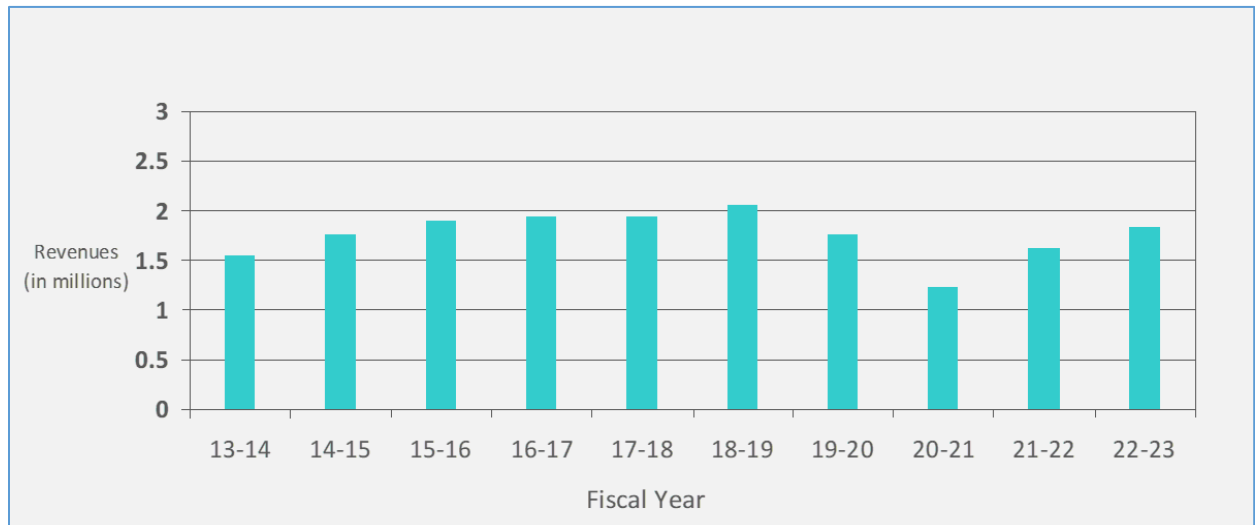
- Fiscal Year 2019-20 resulted in a 13.8% loss, or \$281,469, over Fiscal Year 2018-19. This year was only partially impacted by the pandemic because there were three full quarters of normal revenue activity before the pandemic hit in March 2020.
- Fiscal Year 2020-21 is expected to close the year with a 39.4% loss, or \$806,731, over Fiscal Year 2018-19. Fiscal Year 2020-21 has endured a full fiscal year of pandemic impacts.

Overall, TOT revenue makes up approximately 3.5-4.0% of all General Fund revenues. Conservative estimates have been incorporated into the budget with proposed revenues of \$1.62M projected for Fiscal Year 2021-22 and \$1.82M projected for Fiscal Year 2022-23. Staff will closely monitor the progress of this revenue source throughout the year and will update City Council on a quarterly basis in the upcoming year.

**Exhibit 5** below displays historical activity of TOT from Fiscal Year 2013-14 through the Fiscal Year 2021-23 Two-Year Budget.

## Exhibit 5

### TOT Revenues



#### All Other Revenues

The Other Revenues category include items such as Franchise Fees, Permits, Charges for Services, one-time revenues, and all other revenues that are not classified as Property Tax, Sales, or TOT. Budget projections include estimates based on post-pandemic activity. Additionally, user fee increase proposals have also been reflected in projection estimates. Several one-time revenues have been included in the two-year budget proposal, which include \$467K in Fiscal Year 2021-22 for the repayment of the Richman easement and \$1.40M in Fiscal Year 2022-23 for the sale of property.

#### American Rescue Plan Act (“ARPA”) Revenues

The American Rescue Plan Act was signed into law on March 11, 2021, and provides \$350 billion in funding for state and local governments. Funding for the City of Monrovia will be received directly from the State of California in two installments. The first is expected to be received in June or July 2021, and the second is expected to be received twelve months later. Based on initial projections, the City of Monrovia is expecting to receive approximately \$8.69M. Several eligible uses of the funds include:

1. To respond to the COVID-19 public health emergency.
2. To provide government services to cover the loss in revenue due to COVID-19.
3. To assist workers performing essential work during the COVID-19 pandemic.
4. To make necessary investments in water, sewer, and broadband infrastructure.

To that end, a portion of ARPA Funds have been included in the Fiscal Year 2021-23 Budget. This includes \$1.10M in Fiscal Year 2021-22 and \$1.00M in Fiscal Year 2022-23. These allocations fall under the category of “to provide government services to cover the loss in revenue due to COVID-19.” There remains an additional \$6.59M the City will receive that remains unbudgeted, unallocated and available for spending according to federal guidelines.

Staff is awaiting additional guidance from the State of California and the United States Treasury regarding all ARPA Funds. Once additional guidance is received, staff will continue to develop a funding plan proposal and return to City Council to provide an update.

#### Transfers In

Transfers In Revenue makes up 21% of the City’s General Fund Revenue. Transfer In revenue is comprised of reimbursements received from other City funds for costs such as overhead and pension

costs. For Fiscal Year 2021-22, the proposed budget is \$9.52M, and for Fiscal Year 2022-23, the proposed budget is \$9.81M.

General Fund Expenditures:

The proposed Fiscal Year 2021-23 General Fund budget is structurally balanced in both years. In preparing the expenditure budget, a thorough review of operating department line-item budgets was performed, and strategic adjustments were made to ensure a balanced budget. Cost savings measures include freezing vacant positions, eliminating non-essential overtime, and shifting some costs to other appropriate funds. Additionally, some savings from last year’s renegotiated contracts have been incorporated into the budget for the next two years. Total proposed General Fund expenditures are \$44.88M in Fiscal Year 2021-22 and \$46.79M in Fiscal Year 2022-23. A breakdown of the General Fund expenditures is presented in **Exhibit 6** below:

**Exhibit 6**

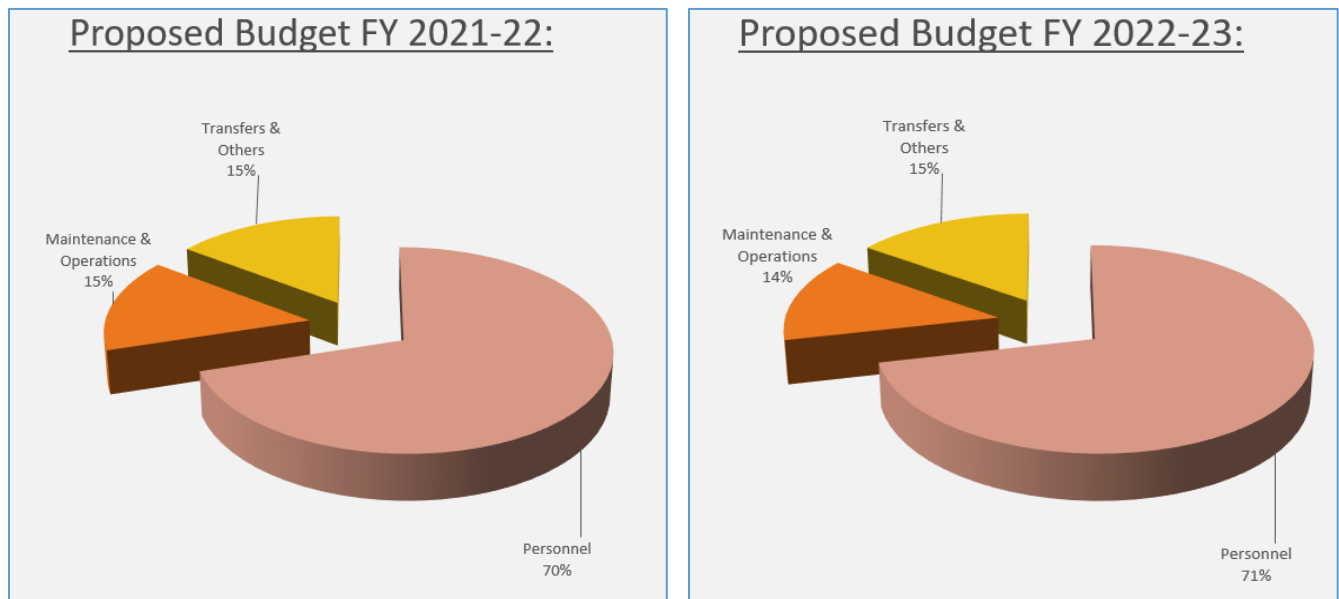
**General Fund Expenditures**

Expenditure Type	Fiscal Year 2020-21 Revised Budget	Fiscal Year 2021-22 Proposed Budget	Fiscal Year 2022-23 Proposed Budget
Personnel Costs	\$29.31M	\$31.17M	\$33.02M
Maintenance & Operations	\$6.32M	\$6.66M	\$6.27M
Transfers & Other	\$6.18M	\$6.56M	\$6.95M
<b>Expenditures Subtotal</b>	<b>\$41.81M</b>	<b>\$44.39M</b>	<b>\$46.24M</b>
Funds Set Aside - Section 115 Trust	\$0.50M	\$0.49M	\$0.55M
<b>Total Expenditures &amp; Set Aside</b>	<b>\$42.31M</b>	<b>\$44.88M</b>	<b>\$46.79M</b>

General Fund expenditures for the Fiscal Year 2021-23 proposed budget as a percentage of total General Fund expenditures are illustrated in **Exhibit 7** below:

**Exhibit 7**

**General Fund Expenditures**



## Other General Operating Funds

Several other City funds are part of the General Fund and, as such, are presented as one fund on the City's Annual Financial Report. A discussion of these funds is included below.

### Development Services Fund:

The Development Services Fund is used to account for building, planning, and engineering activities. As discussed during the Budget Study Session, this fund has been running a negative fund balance for the last several years. While the timing of development activity impacts the collection of annual revenues in the fund, this fund continues to have an annual operating deficit. Causes for this annual deficit include insufficient revenue collected during planning phases of projects and timing of fee collection does not always coincide with the costs incurred to process entitlements. In an effort to bring more revenue into this fund, staff continues to analyze fees to ensure that fees appropriately recoup the cost of providing services. Staff completed a thorough review of building fees in recent years, and many fees were adjusted as part of the budget approval process last year. However, staff is currently evaluating options for addressing the annual deficit in the fund, including performing a comprehensive Cost Study Review, which will help to address the adequacy of fees and charges established for all functions housed in the fund. Additionally, staff is currently working to identify other long-term solutions for the sustainability of this operation.

### Emergency Fund:

The Emergency Fund is used to house activities from one-time emergency events, such as the Bobcat Fire, the COVID-19 Pandemic, and other emergency events. The majority of costs associated with emergency events will be reimbursed by federal and state funding. Currently, staff has been diligently working with the Federal Emergency Management Agency (FEMA) and the State on completing reimbursement claim requests for the COVID-19 Pandemic and the Bobcat Fire. The City expects to receive Federal funding for each of these events through Federal Emergency Management Agency (FEMA) reimbursements and the Coronavirus Aid, Relief, and Economic Security (CARES) Act reimbursements. Additionally, staff is also seeking funding from other sources, wherever possible, to minimize the City's out-of-pocket costs, which includes insurance reimbursements.

### Measure K Fund:

The Measure K Fund is forecasted to have \$5.2M available for spending on June 30, 2021. Future Measure K Revenues (net of administrative fees) are estimated to be \$5.31M for Fiscal Year 2021-22 and \$5.52M for fiscal Year 2022-23, leaving approximately \$16.0M available to Council through the end of this two-year budget cycle.

### **Other City Funds (Non-General Fund)**

In addition to the General Fund, the City also maintains and accounts for over 50 other funds, covering all unrestricted and restricted revenue sources and expenditures. Each fund is accounted for separately, with a self-balancing set of accounts. The total budgeted expenditures for all other funds (non-General Fund) in Fiscal Year 2021-22 is \$72.07M and \$70.34M in Fiscal Year 2022-23. In total, revenues exceed expenditures in both years as noted in the **Exhibit 8** below:

## Exhibit 8

### Other City Funds

Fund Type	Fiscal Year 2020-21 Revised Budget		Fiscal Year 2021-22 Proposed Budget		Fiscal Year 2022-23 Proposed Budget	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
Enterprise	\$19.74M	\$20.37M	\$24.67M	\$21.48M	\$23.46M	\$22.20M
Special Purpose	\$39.72M	\$42.06M	\$37.75M	\$39.41M	\$37.04M	\$37.46M
Internal Service	<u>\$10.41M</u>	<u>\$11.17M</u>	<u>\$10.13M</u>	<u>\$11.18M</u>	<u>\$10.23M</u>	<u>\$10.68M</u>
<b>Total Budget</b>	<b><u>\$69.87M</u></b>	<b><u>\$73.60M</u></b>	<b><u>\$72.55M</u></b>	<b><u>\$72.07M</u></b>	<b><u>\$70.73M</u></b>	<b><u>\$70.34M</u></b>

#### Funds of Concern:

When developing the budget, each fund is analyzed with a long-term view in mind. The goal of each fund is to ensure structural balance and long-term sustainability. Based on that analysis, staff has identified several funds that continue require subsidies and are not self-sustaining. These funds have been balanced for the Fiscal Year 2021-23 Budget; however, they will continue to require additional review and a long-term solution to ensure their sustainability. These funds are discussed below:

- Assessment District Funds

The City has two assessment districts that require ongoing support, as follows:

- The Lighting and Landscape Assessment District (LLD) was first established in 1993 and provides funding for street lighting costs, street signal costs, street tree maintenance, median landscaping, and Gold Hills landscaping. The assessment to property owners has remained essentially unchanged since inception; however, costs have consistently increased each year, especially electricity, contract services, and other maintenance and operations costs. Based on the most recent Engineer's Report prepared for this fund, the operation is being subsidized by nearly \$780K per year.
- The Park Maintenance Assessment District (PMD) was first established in 1997 and provides funding for maintaining and servicing eight parks located within the City. While the PMD allows for an annual CPI increase, annual increases have not kept up with the cost of providing service. Based on the most recent Engineer's Report, the operation is being subsidized by nearly \$855K per year.

These funds have been balanced for the Fiscal Year 2021-23 Budget, but will require additional monitoring and a long-term solution to ensure their fiscal sustainability.

- Workers' Compensation Fund

The Workers' Compensation Fund is an internal service fund that accounts for the City's workers' compensation costs (e.g., the cost of both insurance premiums and claims). Revenue is brought into this fund from other funds, including the General Fund, to pay for workers' compensation costs. Over the last several years, this fund has had difficulty staying in a positive position, due to our rising workers' compensation costs each year, but more specifically, due to the tail claim costs (legacy workers' compensation claims) that remained after transitioning to our new service provider. The City has been addressing these costs with several one-time transfers into the fund; however, the fund still remains in a negative position. Based on staff's review, once all tail claims have been paid, the annual premium costs in the fund are within the City's funding capacity.

## **Capital Improvement Program (CIP)**

A review of the City's current capital initiatives and available funding sources was performed as part of the Fiscal Year 2021-23 Budget development. Based on that review, staff is proposing adjustments to the CIP budget to better align funding with project expenditures. Staff has developed a CIP Budget update (Attachment D) which seeks to do the following:

- Roll over 8 existing CIP projects to the Fiscal Year 2021-23 Budget, as follows:
  - Community Center Planning Project
  - Bradoaks/Santa Fe Project
  - Huntington Drive Phase II
  - Huntington Drive/5<sup>th</sup> Ave Project
  - Comprehensive Old Town Upgrade Project (Includes Old Town Lighted Crosswalks)
  - Comprehensive Library Park Upgrades Project
  - Mountain Avenue Resurfacing Project
  - Lucinda Garcia Park Project
  
- Establish 1 new CIP capital initiative, as follows:
  - EV Charging Stations

Budgeted CIP expenditures for Fiscal Year 2021-23, totaling \$6.45M, have been incorporated into the budget.

## **Capital Asset Program**

In accordance with the Financial Resiliency Plan objective of building up reserve levels and preparing for the future, staff is currently working on developing a comprehensive, long-term capital asset replacement program. The capital asset replacement plan will endeavor to set aside funds, through the annual budgeting process, to ensure that assets can be replaced based on a predetermined replacement schedule. Staff is currently working on developing a comprehensive, long-term capital asset replacement program and will return to City Council with a proposal in the future.

In addition to replacing capital assets, maintaining the City's current capital assets systems is also an important part of an overall capital asset plan. To that end, the Fiscal Year 2021-23 Budget includes proposed maintenance expenditures required to maintain the City's existing capital asset systems.

## **Pension and Other Post-Employment Benefit (OPEB) Payoff Plan**

Addressing the City's long-term CalPERS Unfunded Accrued Liability (UAL) and OPEB liability has been an ongoing priority for the City Council. This priority aligns with one of the key principals of the City's Financial Resiliency Plan, which is preparing for the future. The current outstanding balance of these liabilities is as follows:

- OPEB = \$34.3M (as of June 30, 2020, which is the most recent valuation data available)
  
- CalPERS UAL = \$14.4M (estimated balance as of June 30, 2021)

To that end, staff has developed a plan that identifies an ongoing annual revenue stream that can be set aside in the City's Section 115 Trust on an annual basis. This revenue source is the City's Residual Redevelopment Property Tax Revenues. Funds deposited to the Section 115 Trust will be held in the Trust and are expected to earn a higher investment yield than if pooled with the City's pooled investments. All funds deposited in the Trust will be used to pay down future OPEB and CalPERS UAL liabilities.

The Fiscal Year 2021-23 Budget proposal allocates \$495,000 in Redevelopment Property Tax Residual Revenues for Fiscal Year 2021-22 and \$555,000 in Fiscal Year 2022-23. In future years, this revenue source is expected to grow similarly to regular property tax. Additionally, once Monrovia’s Redevelopment Bonds begin to be paid off, beginning in Fiscal Year 2026-27, revenues will increase significantly (by approximately \$1M in Fiscal Year 2026-27). Based on the updated UAL and OPEB Policy presented for City Council’s consideration, this additional revenue will be allocated to the Section 115 Trust.

Below is a 10-year projection of Residual Redevelopment Property Tax Revenues:

FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31
\$495,000	\$555,000	\$555,000	\$575,000	\$655,000	\$1,670,000	\$1,700,000	\$1,769,500	\$1,789,585	\$1,910,273

This contribution schedule would result in an accumulation of approximately \$12M by Fiscal Year 2030-31 excluding investment earnings. Based on a conservative earnings rate of 3%, the Section 115 Trust would generate approximately \$1.7M in investment earnings by Fiscal Year 2030-31 that could also be used to pay off the outstanding liability.

This pension and OPEB payoff methodology will be integrated into the City’s existing UAL Funding Policy and will replace existing provisions outlined in the plan. This new funding methodology will ensure both a current revenue stream and increased future revenues are dedicated to these outstanding liabilities without requiring new revenue streams.

CalPERS Reports:

CalPERS actuarial reports for the City of Monrovia can be obtained from the [CalPERS website](http://www.calpers.ca.gov) at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**ENVIRONMENTAL IMPACT:** There is no environmental impact associated with the adoption of Resolution Nos. 2021-40, 2021-41, and 2021-42.

**FISCAL IMPACT:** In developing the Fiscal Year 2021-23 Budget, staff has determined that the City is in a stable financial position. Attached to Resolution No. 2021-40 is the Revenues by Fund Schedule (Attachment A), the Appropriations by Fund Schedule (Attachment B), and the Combined Funds Statement (Attachment C), which illustrates the total budgeted revenues and expenditures for all City funds for Fiscal Year 2021-23. Total Citywide budgeted appropriations is \$130,803,438 for Fiscal Year 2021-22 and \$128,285,650 for Fiscal Year 2022-23.

Also attached to Resolution No. 2021-40 is the Capital Improvement Program (CIP) Budget (Attachment D), which includes a listing of all CIP capital initiatives that have been budgeted for the Fiscal Year 2021-23 Budget, and the Authorized Positions Listing for Fiscal Year 2021-23 (Attachment E), which outlines the staffing levels authorized by department. Additionally, the Comprehensive Fiscal Year 2021-22 Schedule of Fees and Charges is attached to Resolution No. 2021-41.

Finally, the updated Unfunded Accrued Liability and Other Post-Employment Benefit Plan Funding Policy is attached to Resolution No. 2021-42.

**OPTIONS:** The following options are presented for consideration:

1. Adopt the Fiscal Year 2021-23 Budget, establish the Fiscal Year 2021-22 Schedule of Fees and Charges, approve the Fiscal Year 2021-23 Authorized Position Listing, and approve the updated Unfunded Accrued Liability and Other Post-Employment Benefit Plan Funding Policy. As part of the procedures of the overall annual budget process, staff will return to the City Council, throughout the year, with updates on the status of revenues and expenditures for all City funds.

2. Direct staff to make changes to the items included in the budget.

**RECOMMENDATION:** Staff recommends that the City Council select Option 1, adopting the Fiscal Year 2021-23 Budget, establishing the Fiscal Year 2021-22 Schedule of Fees and Charges, and approving the FY 2020-21 Authorized Position Listing and Side Letters of Agreement.

**COUNCIL ACTION REQUIRED:** If the City Council concurs, the appropriate action would be a motion to adopt Resolution Nos. 2021-40, 2021-41, and 2021-42, and approve the attached Fiscal Year 2021-2023 Authorized Position Listing.