



Community Center Renovation Funding Options

City Council Study Session

March 3, 2026



Previous Study Session

On February 17th, a study session was held to discuss the following:

- ✓ Overview of the City's financial position
- ✓ Funding Status for Canyon Park Repair Project: Approx. \$22M
 - Received \$4.1M
 - Negative balance of \$17.5M in Emergency Event Fund due to timing
 - Estimated \$11M outstanding in reimbursements, plus \$3M federal grant and \$3-\$6M insurance proceeds
- ✓ Potential funding options for unfunded capital projects
- ✓ City Council's feedback for additional information

Tonight's Study Session Objectives

- Provide City Council with additional information regarding the City's Capital Improvement Program, or CIP.
- Provide City Council with additional information regarding the City's outstanding debt obligations.
- Provide City Council with additional information regarding potential funding mechanisms, with a special focus on the Community Center.
- Seek guidance and obtain feedback regarding next steps.

Capital Improvement Plan

The Program has been classified into 8 distinct categories.



Municipal Facilities

New construction, expansion, and renovation of City-owned buildings and facilities



Information Technology

Acquisition and replacement of computers, networks, and communication systems, as well as major investments in enterprise software systems

Street & Streetscapes

Improvements to the City's transportation infrastructure including streets, streetlights, and traffic signals



Fleet & Equipment Replacement

Acquisition and replacement of fleet vehicles, equipment and other capital assets

Water System & Utilities

Repair and enhancements on City's drinking and waste water systems



Stormwater

Implementation of Watershed Management Program (WMP), regional project funding, and coordinated integrated monitoring program (CIMP)

Trees

Maintenance and replacement of trees throughout the City



Parks & Trails

New construction, expansion, and renovation of outdoor recreation areas

What is the CIP?

- A Capital Improvement Plan (CIP), often supported by GFOA best practices, is a multi-year planning document that schedules, budgets and finances major public infrastructure projects and significant asset acquisitions. It acts as a bridge between a community's comprehensive plan and its annual budget
- Identifies the City's short-range and medium-range (5 years) capital improvement needs
- Identifies funding for 2 years (tied to City's Two-Year Budget Cycle)

Capital Improvement Plan (cont.)

- Projects are prioritized based on urgency of need, available funding, and the following factors:
 1. The City Council's stated goals
 2. Public safety concerns
 3. Legal requirements for public infrastructure
 4. Maintenance requirements of critical City infrastructure
 5. The availability of one-time funds for specific projects
- Much like the budget, the capital infrastructure plans should be flexible
 1. \$1M grant for Police Dispatch Center Upgrade
 2. \$200k to fund MHS pool
 3. Donation of Anderson House Museum

Capital Improvement Program

FY 2026-2030 Capital Improvement Program
Estimated Replacement Value Summary

Category Description	Asset Life Cycle	Annual Target Allocation	CIP Proposed FY 2025-26	CIP Proposed FY 2026-27	Estimated Replacement Value	Estimated Cost FY2026-30 (5-Year CIP)
Municipal Facilities*	50 Years	\$1,309,744	\$8,948,214	\$18,541,564	\$65,487,215	\$42,388,464
Streets and Streetscapes*	30 to 50 Years	\$3,737,088	\$10,787,142	\$2,605,787	\$118,875,530	\$22,549,234
Parks and Trails*	10 to 30 Years	\$2,314,632	\$1,757,589	\$918,536	\$69,438,973	\$25,563,745
Trees	50 Years	\$506,216	\$75,000	\$75,000	\$25,310,810	\$375,000
Water System and Utilities*	100 Years	\$1,373,921	\$2,888,318	\$19,585,955	\$137,392,088	\$36,446,143
Stormwater	50 Years	\$238,268	\$94,666	\$0	\$11,913,396	\$94,666
Information Technology*	6 to 10 Years	\$270,032	\$1,601,270	\$438,175	\$2,250,776	\$2,264,445
Fleet and Equipment Replacement**	5 Years	\$1,979,449	\$1,174,000	\$806,000	\$9,897,243	\$4,264,000
Grand Total		\$11,729,351	\$27,326,199	\$42,971,017	\$440,566,032	\$133,945,697

* Totals listed include Unfunded Project amounts identified at 6/17/2025 Budget Study Session

** Totals include an unfunded Project added following 6/17/2025 Budget Study Session

Maintenance of Capital Assets is Separate

Maintenance

Asset Classification	Fiscal Year									
	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Actual	22-23 Actual	23-24 Actual	24-25 Actual	25-26 Budget
Water System	6,860,000	10,865,000	10,327,000	10,664,000	11,875,000	10,080,000	11,763,000	12,661,000	15,264,000	11,858,000
Sewer	1,168,000	746,000	1,046,000	898,000	1,248,000	1,008,000	1,222,000	1,254,000	1,272,000	1,323,000
Pavement & Sidewalks	1,280,000	1,380,000	1,053,000	906,000	908,000	953,000	1,007,000	831,000	850,000	859,000
Fleet	395,000	276,000	328,000	235,000	230,000	296,000	368,000	383,000	397,000	364,000
Buildings	1,811,000	1,627,000	1,786,000	1,823,000	1,346,000	1,778,000	1,990,000	2,137,000	2,497,000	2,281,000
Traffic Signals & Street Lights	533,000	811,000	807,000	956,000	969,000	992,000	1,214,000	1,306,000	1,358,000	1,300,000
Storm Drain	297,000	212,000	380,000	218,000	213,000	195,000	102,000	180,000	127,000	234,000
Totals	12,344,000	15,917,000	15,727,000	15,700,000	16,789,000	15,302,000	17,666,000	18,752,000	21,765,000	18,219,000

Rounded to the nearest thousand

% Increase From 16-17 to FY 25-26 48%

Current Capital Projects - Funded

Some of the City's budgeted CIP Projects include:

- Mountain Avenue Signal and Safety Improvements – \$2.5M
- Peck Road Street Improvements – \$2.8M
- **Library Facility Enhancement (pending update) – \$8M**
- Wellfield Electrical – \$3.7M
- Police Dispatch Console Project – \$1.0M
- Huntington Drive Phase II – \$1.8M
- Station Square ACTV Project - \$4M
- Community Center Design - \$628K

For a full list of projects, please refer to the FY 2026-2030 Capital Improvement Program Document.

Current Capital Projects - Funded

The City also includes annual maintenance projects within the CIP:

- Concrete Sidewalk Improvement: \$150K
- Citywide Pump & Motor Replacement: \$100K
- Sewer CCTV and Jetting: \$194K
- Reservoir Maintenance Program: \$100K
- Water Valve Replacement Program: \$100K
- Citywide Tree Replacement: \$75K-\$100K
- Annual Computer Replacement Program: \$65K
- Vehicle Replacements (City Fleet, Patrol, Utilities, Fire): >\$700K

For a full list of projects, please refer to the FY 2026-2030 Capital Improvement Program Document.

How Are CIP Projects Funded?

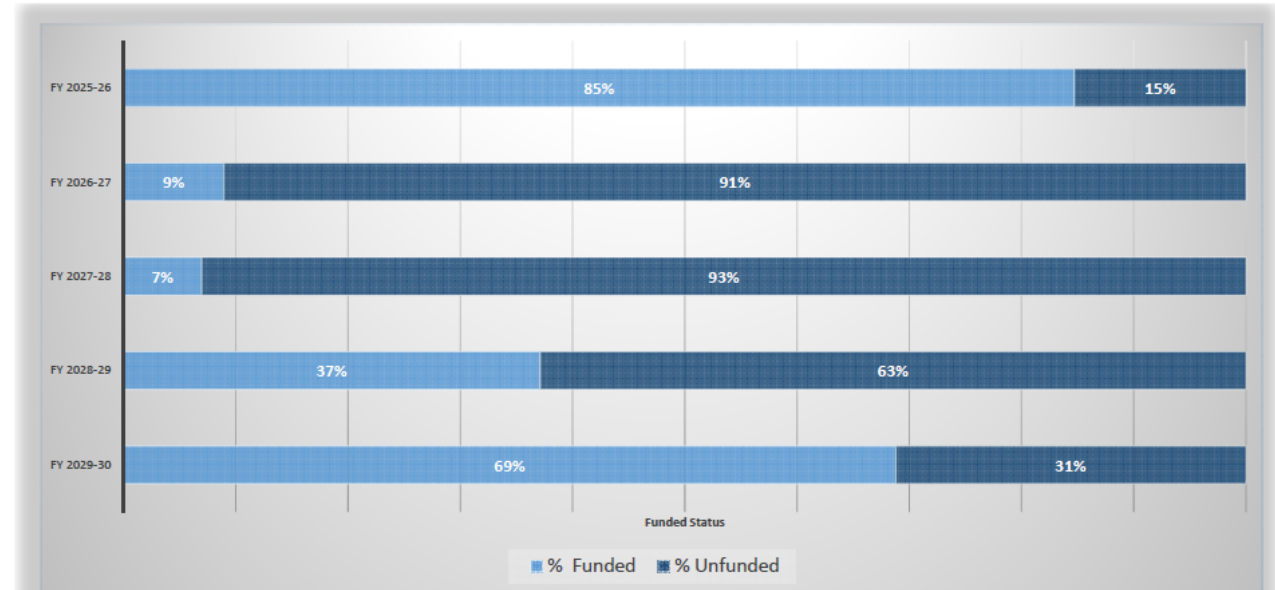
The City relies primarily on non-General Fund revenue sources which include:

- Outside funding (e.g., grants, Federal and State funding, State budget allocations, etc.)
- Regional funding allocation (e.g., SB1 RMRA, Prop C, Measure R, etc.)
- Utility funds (e.g., water and sewer)
- Annual internal service set-aside
- Approved specific use of Measure K funds

Unfunded CIP Projects

- Because the CIP is a planning tool, projects that are on the horizon, even if funding has not been clearly identified, are included on the list.
- These are referred to as “unfunded” projects.
- This simply means there are projects we need to plan for, but staff is still working on potential funding sources.

FY 2026-2030 Capital Improvement Program
Funded Status - All Categories



Fiscal Year	Total Unfunded	Total Estimated CIP Cost
FY 2025-26*	\$4,170,364	\$27,326,199
FY 2026-27	\$39,128,847	\$42,971,017
FY 2027-28	\$49,687,127	\$53,413,047
FY 2028-29	\$4,358,944	\$6,931,556
FY 2029-30	\$1,030,635	\$3,303,878
FY 2026-30 (5-Year)*	\$98,375,917	\$133,945,697

* Totals include an unfunded Project added following 6/17/2025 Budget Study Session

Unfunded CIP Projects

The CIP includes unfunded projects, some of which include:

- Community Center – Approximately \$32M
- Recreation Park Improvement – Approximately \$20M
- City Hall Renovation Project – Approximately \$20M
- Fire Station 102 – Approximately \$4M

Review of Projects

Project #1: Community Center Renovation Project

This project seeks to:

- Renovate nearly 20,000 square feet of the Community Center
- New entrance, meeting rooms, conference room, etc.
- Upgraded restrooms, kitchen, and added laundry room
- Repair building exterior and ensure ADA compliance throughout
- Modernize furniture, A/V equipment and spaces

Estimated Cost = \$32,000,000

Funding Sources: None yet identified



Review of Projects

Project #2: Recreation Park Improvement Project

This project seeks to:

- Renovate and enhance all park improvements within the park area.
- New walking path, public restrooms, playground, signage, fields/lighting, and others.

Estimated Cost = \$20,000,000

Funding Sources:

B-23-CP-CA-0178: \$850,000

County Measure A (local allocation): \$973,620



Outstanding Grant Applications

- Measure A: \$1M
- OLRP: \$8M
- LWCF: \$6M

Review of Projects



Review of Projects

Project #3: City Hall Renovation Project

This project seeks to:

- Renovate the City Hall building to include ADA accessibility.
- Reconfigure office layout and customer service counters
- Replace carpets, lighting, HVAC systems, furniture, etc.
- Add emergency back-up generator, address poor communications infrastructure

Estimated Cost = \$20,000,000

Funding Sources: None yet identified



Dedication of Monrovia City Hall, 1954

Source: *Monrovia's Past in Pictures* (Facebook), Sept. 2022

Review of Projects

Project #3: City Hall Renovation Project (cont.)



Review of Projects

Project #4: Fire Station 102 Renovations

This project seeks to:

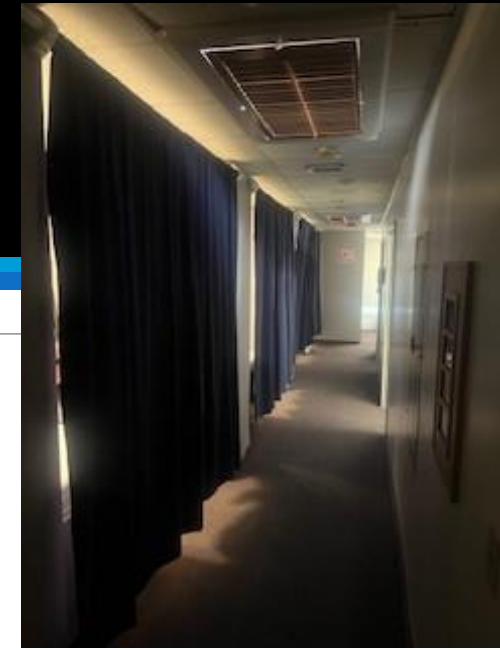
- Renovate the entire second floor, kitchen, and bathroom (into two separate bathrooms).
- Constructing a paramedic restock room.
- Enclosing the center patio area and extending the kitchen.

Estimated Cost = \$4,000,000

Funding Sources: None yet identified



FS 101 Upstairs Hallway



FS 102 Upstairs Hallway



FS 102 Kitchen

How Can We Fund Unfunded Projects?

Possible funding options include the following:

- Seek outside funding (e.g., grants, Federal and State funding, insurance proceeds, State budget allocations, etc.). We will always seek and exhaust outside funding first!
- Cash in the bank (pay-as-you-go)
- Saving funds over multiple years

How Can We Fund Unfunded Projects?

Possible funding options include the following:

- Bond issuance
 - Voted Option: General Obligation (“GO”) Bond: A bond backed by the full faith and credit and taxing power of the issuer (ie City of Monrovia).
 - Non-voted Option: Revenue Bond: A bond that is repaid from a specific revenue source.

How Can We Fund Unfunded Projects?

Typical financing options also include:

- Community Facilities Districts (“CFDs”) or Impact Fees (Fire, Open Space, Traffic)
- Assessment Districts or Parcel Taxes
- Increases in User Fees
- Available cash or draw from reserves
- Local contributions (partnerships, sponsorships, local fundraising)
- Federal or state grant awards

How Can We Fund Unfunded Projects? (cont)

Other debt financing options may include:

- California Infrastructure and Economic Development Bank (“IBank”): Financing entity for interest rate comparison. Recent financings have focused on utilities and infrastructure projects.
- Tax Increment Finance (“TIF”) Bonds or Enhanced Infrastructure Financing District (“EIFD”): Secured by incremental increases in tax revenues on developed property or within a designated tax increment district.
- State Revolving Loan Fund

How Can We Fund Unfunded Projects?

Or a combination of one or more of those funding options.

Because of the City's financial position and good credit rating, the
City has flexibility.

Cash Funding

Some factors to consider:

- Time: Cash funding would require years of saving. For example, saving for the Community Center will take over 6 years at \$5M/year.
- Cost: If construction inflation exceeds investment earnings (3–4%), waiting will increase overall cost.
- If the priority is debt avoidance, with no urgency on project completion, then cash funding/saving is an option.
- If the priority is timely delivery and economic efficiency, borrowing may be preferable.

Bond Issuance

State and local governments, like the City of Monrovia, often rely on debt for a variety of reasons.

- Issuance of long-term debt has historically provided a major source of fund for capital needs.
- Because of the high cost of acquiring or renovating assets, governments generally cannot accumulate cash from current receipts to pay for necessary improvements, so issuing debt is often an attractive option.
- Issuing debt provides project funding upfront, with repayment of principal and interest scheduled over an extended period of time.
- Municipal bonds are attractive to investors because they provide tax exempt interest earnings for the investor.

Monrovia's Current Outstanding Debt

In the past, the City of Monrovia has utilized long-term debt financing to provide funding for the following capital needs:

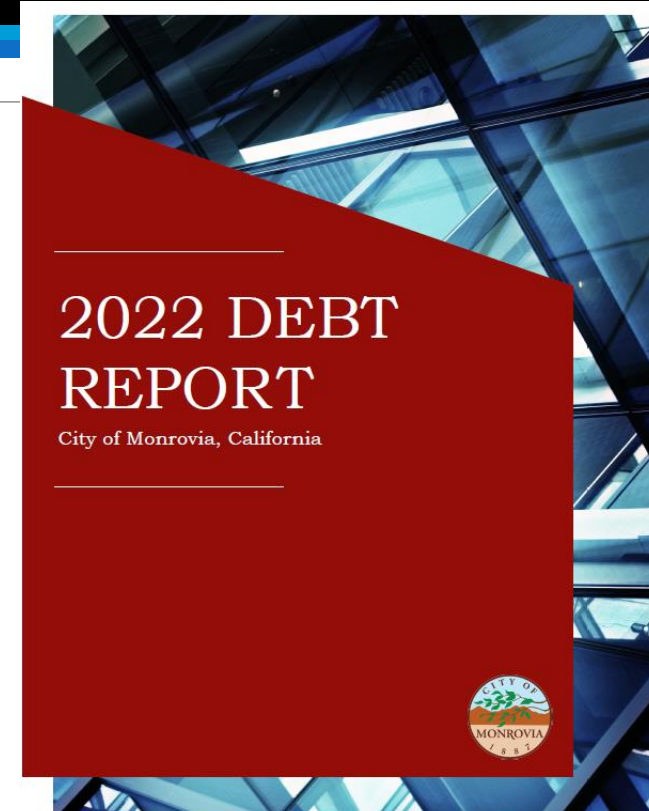
- The Monrovia Public Library
- The purchase of property in the Hillside Wilderness Preserve
- The Monrovia Renewal project
- The City also utilized long-term debt financing to pay off the City's CalPERS Unfunded Accrued Liability (UAL) balance at a lower interest rate, which resulted in interest savings over the life of the obligation.

The City's approach to debt has always been to identify a pledged revenue for each debt issuance and thoughtfully consider all options before issuing debt.

Monrovia's Current Outstanding Debt

In 2022, the City hired Columbia Capital Management to review its outstanding debt which outlined objectives for the City to pursue -

OBJECTIVE 1—Drive the City toward a stronger issuer credit rating (“bond rating”)	Current
Increase general fund balance to 30% of general fund expenditures	37%
Maintain direct debt as a percentage of market value of 3.5% or less	1.48%
Produce a structurally-balanced general fund budget every year	✓
If the fund balance target is met, use 50% of general fund surplus annually to defease <u>pension obligation bonds</u>	See below
OBJECTIVE 2—Use the ratio of the City’s annual general government debt service obligations relative to total governmental spending as a guide to assess future capacity for additional general governmental debt	
If the fund balance target is met, use 50% of general fund surplus annually to fund <u>pay-as-you-go capital projects</u> or <u>one-time expenditures</u>	✓



Monrovia's Current Outstanding Debt

Bond Description	Purpose of Debt	Pledged Revenue	Remaining Years	Outstanding Principal at 7/1/25
2015 Hillside Lease Revenue Bonds	To purchase property in the Hillside Wilderness Preserve	Dedicated Parcel Tax (Property Tax Revenues)	6 years	\$3,075,000
2016 Measure R & Proposition C Street Improvements Lease Revenue Bonds	To fund the Monrovia Renewal Project	Measure R & Proposition C Local Sales Tax Return Revenues	20 years	\$11,055,000
2016 Water and Sewer Revenue Bonds	To fund the Monrovia Renewal Project	Water and Sewer User Rate Revenues	20 years	\$30,075,000
2017 Library Lease Revenue Refunding Bonds	To fund the construction of the Monrovia Library	Dedicated Parcel Tax (Property Tax Revenues)	13 years	\$9,620,000
2017 Taxable Pension Obligation Bonds	To reduce outstanding pension obligations	Dedicated Property Tax	22 years	<u>\$92,890,000</u>
	<u>TOTAL</u>			<u>\$146,715,000</u>

Does not include Successor Agency debt

Monrovia's Current Outstanding Debt (cont.)

Annual Debt Obligations (Fiscal Year 2025-26)					
Bond Description	Remaining Term	Total Outstanding	Principal	Interest	Annual Payment
2015 Hillside Lease Revenue Bonds	6 years	\$3,075,000	385,000	100,894	485,894
2016 Measure R & Proposition C Street Improvements Lease Revenue Bonds	20 years	\$11,055,000	350,000	432,506	782,506
2016 Water and Sewer Revenue Bonds	20 years	\$30,075,000	940,000	1,182,813	2,122,813
2017 Library Lease Revenue Refunding Bonds	13 years	\$9,620,000	600,000	327,988	927,988
2017 Taxable Pension Obligation Bonds	22 years	<u>\$92,890,000</u>	2,765,000	3,699,847	6,464,847
FY 2025-26 Total		<u>\$146,715,000</u>	4,690,000	5,311,542	<u>10,001,542</u>

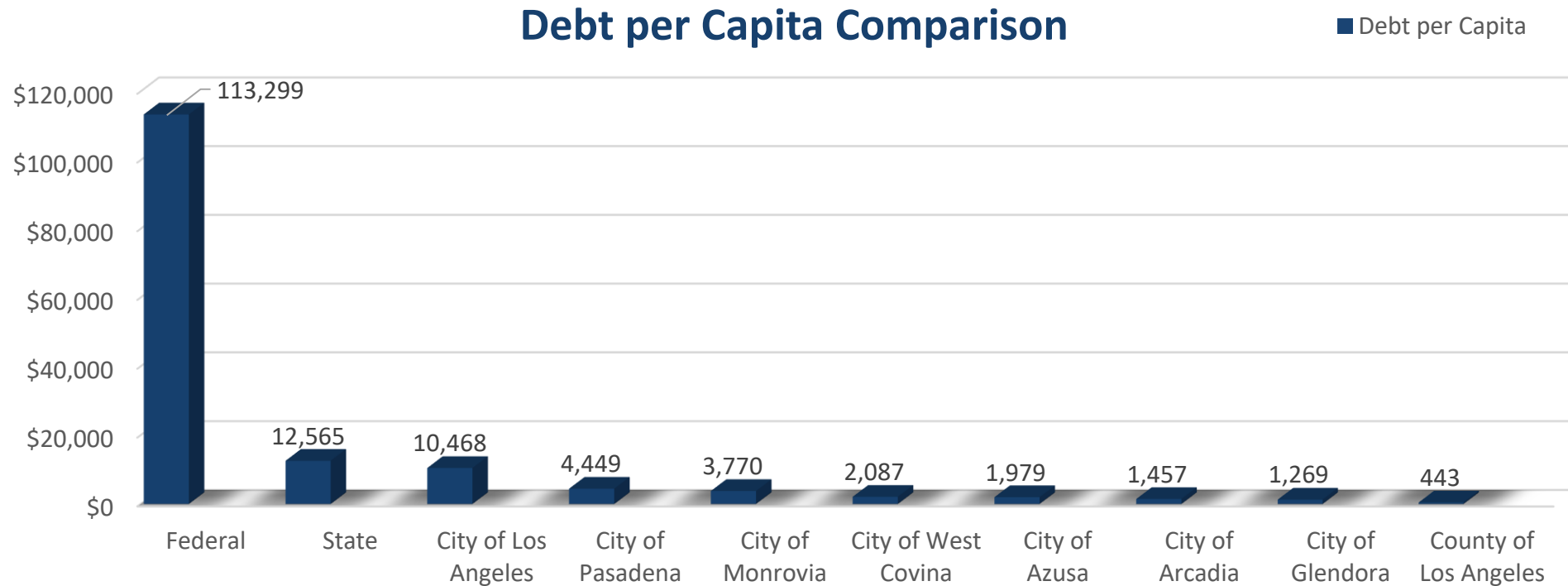
Does not include Successor Agency debt

Monrovia's Current Outstanding Debt (cont.)

Total Outstanding				
	Remaining Term	Principal	Interest	Interest Rate
2015 Hillside Lease Revenue Bonds	6 years	3,075,000	366,049	2.0% - 5.0%
2016 Measure R & Proposition C Street Improvements Lease Revenue Bonds	20 years	11,055,000	5,388,477	3.0% - 5.0%
2016 Water and Sewer Revenue Bonds	20 years	30,075,000	14,406,195	3.0% - 5.0%
2017 Library Lease Revenue Refunding Bonds	13 years	9,620,000	2,415,976	2.0% - 5.0%
2017 Taxable Pension Obligation Bonds	22 years	92,890,000	48,979,545	1.91% - 4.14%
TOTALS		\$146,715,000	71,556,242	

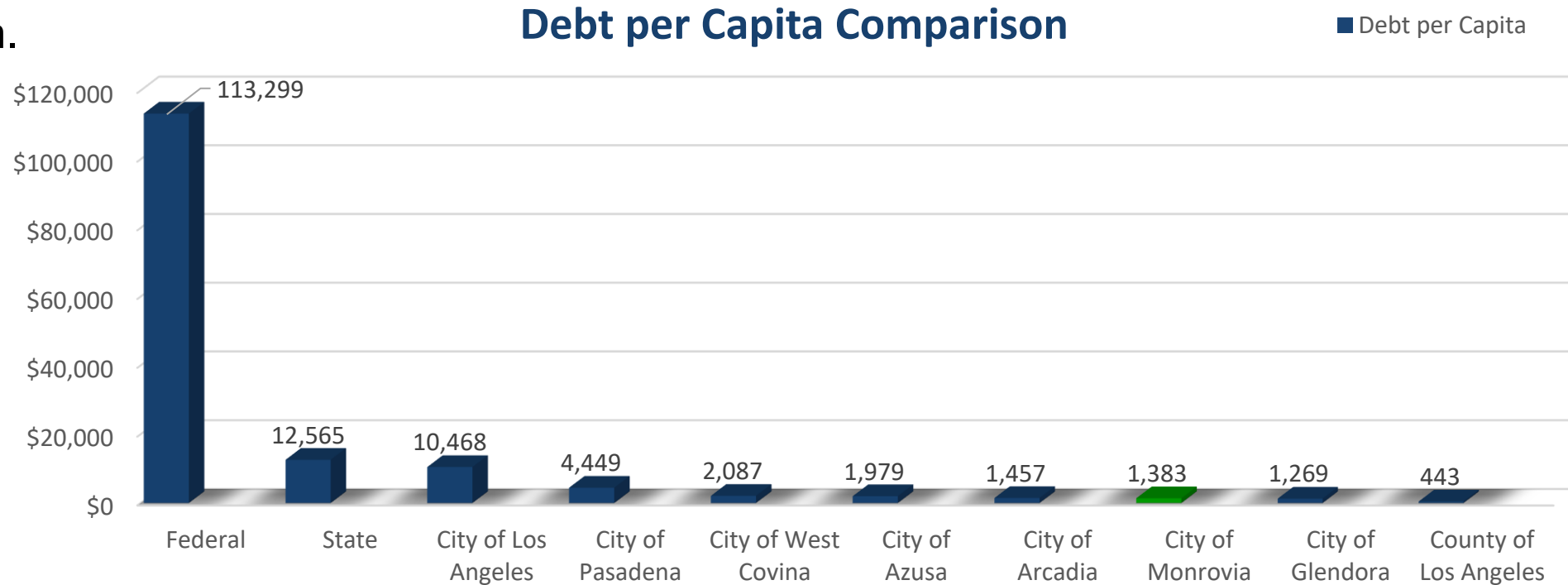
Monrovia's Current Outstanding Debt

Debt per capita: A measure to show relative size of debt. It does not reflect amount owed by each resident.



Monrovia's Current Outstanding Debt

Adjusted debt per capita: Approved in the 1950's, Monrovia is one of 25 cities in California with a voter-approved Retirement Tax designated to pay for the City's outstanding pension bond obligation.



Project Financing Options

Staff has engaged Columbia Capital to provide preliminary financing information should the City desire to move forward with a bond financing.

Based on Columbia Capitals' analysis, a contemplated \$30 – \$70M bond should not create rating concerns.

Illustration of Potential Bond Scenarios

Scenario	Funded Projects	Funding Amount	Estimated Annual Payment	Loan Term	Estimated Borrowing Cost
<u>Scenario #1</u>	All (4) Projects Funded	\$ 76.00 M	\$ 6.70 M	15 Years	3.7%
<u>Scenario #2</u>	Community Center + Fire Station, Half of Rec Park and City Hall	\$ 56.00 M	\$ 6.60 M	10 Years	3.1%
<u>Scenario #3</u>	Only Community Center	\$ 32.00 M	\$ 6.90 M	5 Years	3.0%

Is there a “safe” amount to borrow?

- In 2022, the Columbia Capital Management evaluated the City’s overall debt position.
- The City uses this document internally to meet three important needs:
 1. to provide information and education to elected officials, staff and the public on the City’s debt position
 2. to provide context for the City’s decisions regarding how to fund capital expenditures and to pay for long-term obligations
 3. to assess the City’s progress in meeting certain goals regarding its financial condition

One metric is “Debt as a % of Market”

Market = Total Assessed Value, or \$8.2 Billion

Columbia Capital would **recommend not going above 3.5%**.

$\$8.2 \text{ Billion} \times 3.5\% = \$287,000,000$

Total Outstanding Debt (excl Utility Debt): **\$122,000,000, or 1.48%**

+\$32M	+\$56M	+\$76M
1.87%	2.17%	2.41%

Is there a “safe” amount to borrow? (cont)

- Under S&P’s methodology for AAA rating, debt is scored on a scale from 1 (strongest) to 6 (weakest).
- Monrovia’s debt metric is already near the lower end of that range, primarily due to pension obligation bonds.
- The City maintains an AA+ rating, which is an excellent rating. **This tells us something important: the City’s rating is not currently constrained solely by debt levels.** In other words, while the debt metric is elevated, other credit strengths — particularly reserves and overall financial management — are offsetting that pressure.
- It is also important to recognize that pension obligation bonds increase reported debt levels but were issued to reduce unfunded actuarial liabilities and improve the City’s long-term pension trajectory
- Most recent credit rating report **does not cite** additional debt issuance as a likely downgrade trigger. Instead, it references a **“material decline in available fund balance as a potential downside risk”**

Illustration of Potential Bond Scenarios

Scenario	Principal	Term	Estimated Annual Payment	Estimated Total Repayment	Estimated Total Interest	Interest as % of Principal
All (4) Projects Funded	\$76,000,000	15 Years	\$6,650,983	\$101,202,974	\$25,202,974	33%
Community Center + Fire Station, 50% of Rec Park and City Hall	\$56,000,000	10 Years	\$6,562,700	\$66,682,729	\$10,682,729	19%
Only Community Center	\$32,000,000	5 Years	\$6,930,400	\$35,277,104	\$3,277,104	10%

Are we missing anything?

Large Projects on the Horizon

- PFAS Treatment at Water Plant
- Renovation of Station Square Park

Smaller CIP Projects can be added much easier than large, generational projects

- Conversion of Streetlights to LEDs - \$1M est
- Emergency Alert Sirens - \$1.8M est

Possible Scope Modifications or Cost Savings

- Library Enhancement Project has \$8M budgeted...due to reduced scope, estimated cost is <\$2M
- Community Center project...will soon be ready to solicit bid proposals

Summary and Next Steps

Due to the City's positive financial position and good issuer credit rating, the City has flexibility on how to pay for the Community Center and other priority projects.

Next Steps

Preparation of bond documents/information should take 4-6 months

Staff will continue processing Canyon Park Reimbursements

Finalizing designs for projects

Prepare additional financial details for satisfying debt obligations

- Review use of available cash (reserves, grants or one-time revenues which can be applied)
- Possible refinancing of existing debt to achieve cost savings

Closing

Thank you for your time!



Questions?