

**CITY COUNCIL OF MONTEREY PARK
AND THE CITY COUNCIL ACTING ON BEHALF OF THE SUCCESSOR AGENCY OF THE
FORMER REDEVELOPMENT AGENCY
AGENDA**

**SPECIAL MEETING
Monterey Park City Hall Council Chambers
320 W. Newmark Avenue, Monterey Park, CA 91754**

**Wednesday
June 28, 2017
6:00 PM**

MISSION STATEMENT

**The mission of the City of Monterey Park is to provide excellent services
to enhance the quality of life for our entire community.**

Documents related to an Agenda item are available to the public in the City Clerk's Office located at 320 West Newmark Avenue, Monterey Park, CA 91754, during normal business hours and the City's website at www.montereypark.ca.gov.

PUBLIC COMMENTS ON AGENDA ITEMS

You may speak up to 5 minutes on Agenda item. You may combine up to 2 minutes of time with another person's speaking. No person may speak more than a total of 10 minutes. The Mayor and City Council may change the amount of time allowed for speakers.

Per the Americans with Disabilities Act, if you need special assistance to participate in this meeting please call City Hall at (626) 307-1359 for reasonable accommodation at least 24 hours before a meeting. Council Chambers are wheelchair accessible.

This Agenda includes items considered by the City Council acting on behalf of the Successor Agency of the former Monterey Park Redevelopment Agency which dissolved February 1, 2012. Successor Agency matters will include the notation of "SA" next to the Agenda Item Number.

CALL TO ORDER Mayor

FLAG SALUTE Mayor

ROLL CALL Peter Chan, Mitchell Ing, Stephen Lam, Hans Liang, Teresa Real Sebastian

AGENDA ADDITIONS, DELETIONS, CHANGES AND ADOPTIONS

PUBLIC COMMUNICATIONS. While all comments are welcome, the Brown Act does not allow the City Council to take action on any item not on the agenda. The Council may briefly respond to comments after Public Communications is closed. Persons may, in addition to any other matter within the City Council's subject-matter jurisdiction, comment on Agenda Items at this time. If you provide public comment on a specific Agenda item at this time, however, you cannot later provide comments at the time the Agenda Item is considered.

ORAL AND WRITTEN COMMUNICATIONS

NEW BUSINESS

1. RECOMMENDATIONS FOR ADOPTION OF FISCAL YEAR 2017-2018 ANNUAL BUDGET

It is recommended that the City Council:

- (1) Adopt by Resolution the City's and Successor Agency's Fiscal Year 2017-2018 Annual Budget as presented on June 12, 13, and 14, 2017, City Manager's recommended budget; and
- (2) Take such additional, related, action that may be desirable.

ADJOURN



City Council Staff Report

DATE: June 28, 2017

AGENDA ITEM NO: 1

TO: The Honorable Mayor and City Council
FROM: Annie Young, CPFO, Interim Director of Management Services
SUBJECT: Recommendations for Adoption of Fiscal Year 2017-2018 Annual Budget

RECOMMENDATION

It is recommended that the City Council:

- (1) Adopt by Resolution the City's and Successor Agency's Fiscal Year 2017-2018 Annual Budget as presented on June 12, 13, and 14, 2017, City Manager's recommended budget; and
- (2) Take such additional, related, action that may be desirable.

EXECUTIVE SUMMARY:

The City Council conducted public budget hearings on June 12, 13, and 14, 2017 regarding the City's current finances, projected revenues, and financial obligations. The budget for 2017-2018 presents a spending plan that anticipates \$99.7 million in estimated operating revenues and transfers-in from all funds combined and \$94.4 million in operating, capital improvement expenditures and transfers-out. The budget includes a total of 363.67 full-time-equivalent positions. Financial matters, including the potential impact from the federal 2018 budget cuts, the State mandate minimum wage requirement, staffing realignment and changes, mitigation strategies for pension and retiree medical unfunded liabilities, economic development projects, and goals and objectives associated with the City budget, were presented and discussed at the hearing.

BACKGROUND:

The Fiscal Year 2017-2018 Budget follows the Council's priorities and policy direction. The General Fund is balanced with revenues estimated at \$40.9 million and appropriations totaled \$40.7 million. The City's restricted funds, including special revenue, internal service, enterprise, and successor agency funds, have \$53.7 million for expenditures and transfers, and \$58.8 million for revenues and transfers. The Successor Agency (SA) budget of \$2.2 million is for enforceable obligations and administrative costs for winding down procedures of the former redevelopment agency. The Successor Agency's budget is incorporated with the City's budget for informational purposes because the SA budget is authorized by the State Department of Finance.

The overall City budget reflects salary adjustments for all safety units, the mandate state minimum wage requirement, new trash collection contracts, higher pension costs, set-aside

amounts for unfunded pension/retiree medical liabilities, an annual CPI adjustment for contractual services, and \$5 million for priority infrastructure rehabilitations and street improvements.

The projected impact to the City's contribution rate increases over the next five years due to CalPERS pension discount rate reductions was presented and explained to the Council. The following mitigation strategies for reducing pension and other post retirement benefits unfunded liabilities are reflected in the 2017-18 budget.

1. The City continues the CalPERS *Annual Lump Sum Prepayment* option of pre-paying the annual employer pension contributions in the beginning of the fiscal year and further uses the prepayment generated savings to pay down the City's unfunded pension liability.
2. The non-departmental activity (5102) includes a \$300,000 set-aside amount to pay down the unfunded pension liability.
3. For the retiree medical unfunded liability, the City continues a \$950,000 contribution to the CalPERS CERBT trust for the retiree medical unfunded liability.

The below table summarizes budget funding amendments per Council directions.

<u>Activity</u>	<u>Description</u>	<u>Amount</u>
1301	<i>Removed the proposed Chief City Clerk position</i>	<i>(\$6,178)</i>
1400	<i>Adjusted the vacant Director's pay to be the same as the 2016-17 adopted amount</i>	<i>(\$6,964)</i>
1704	<i>Added one Economic Development position</i>	<i>\$80,000 ⁽¹⁾</i>
3115	<i>Corrected data processing sharing costs</i>	<i>\$26,554</i>
6503	<i>Corrected pool maintenance costs</i>	<i>\$6,000</i>
6509	<i>Upgraded Community TV Producer to Community Communications Coordinator</i>	<i>\$4,048</i>
4211	<i>Downgraded Fleet Maintenance Supervisor to Lead Equipment Mechanic</i>	<i>\$11,876</i>
5001	<i>Canceled "City Address Curb Painting" CIP project</i>	<i>(\$160,000) ⁽²⁾</i>

Note: (1) This is a net of \$40,000 from the canceled address painting CIP amount.

(2) Canceled CIP project is used: ⁽¹⁾\$40,000 for the Economic Development position and ⁽²⁾\$120,000 in Assigned GF balance for 2018-19 library operation usage.

The budget document is revised for adding additional goals and language modifications. As for the Siemens' energy retrofit and water meter performance results, staff will report to the Council in April 2018. The entire Siemens Project was completed in January 2017. In order to determine the Annual Realized Savings, it must be a completion of one year (1/1/2017-12/31/2017). As a result, Siemens' Year 1 Report is due to the City on March 31, 2018.

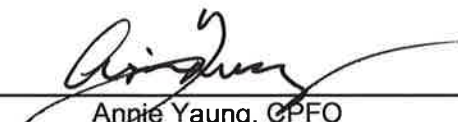
The City continues striving to achieve not only a balanced General Fund budget, but to “right-size” its budget which incorporates operation efficiencies, revenue enhancements, cost reductions, functions/programs consolidation, funding solutions, and the use of one-time funds to improve its facilities and infrastructure. After incorporating all the comments recommended and directions authorized by the City Council during the 3-day budget hearings, the following displays the results of the City's General Fund budget for FY 2017-2018:

2017-2018 Final General Fund Budget	
Total GF Revenues	\$ 40,903,191
Total GF Appropriations	<u>(40,727,317)</u>
Estimated Excess	<u>\$ 175,874 (*)</u>
(*) \$120,000 is been assigned by Council for 2018-19 Library operation usage.	

The City's economy continues showing positive signs and is moving forward with the Market Place and hotel developments. For the fiscal year 2017-2018, City staff will continue sound fiscal responsibilities and will implement various programs and projects that significantly improve services and quality of life for the Monterey Park citizens. These efforts are consistent with the City mission statement as well as the City Council's priorities and policy direction.

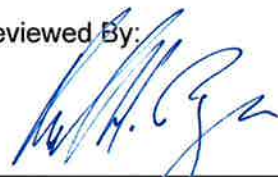
Respectfully submitted and prepared by:

Approved By:


Annie Yaung, CPFO
Interim Director of Management Services


Ron Bow
Interim City Manager

Reviewed By:


Karl H. Berger
Assistant City Attorney

ATTACHMENT(S):

1. Resolution

ATTACHMENT 1
Resolution

RESOLUTION NO.

A RESOLUTION ADOPTING THE FISCAL YEAR 2017-2018 FINAL OPERATING BUDGET FOR THE CITY OF MONTEREY PARK AND THE SUCCESSOR AGENCY TO THE MONTEREY PARK REDEVELOPMENT AGENCY; AND ADOPTING THE 2017-2018 CAPITAL IMPROVEMENT BUDGET.

The City Council for the City of Monterey Park and the City Council acting on behalf of the Successor Agency (collectively referred to, for convenience, as the “City”) does resolve as follows:

SECTION 1: FINDINGS. The City Council finds and declares as follows:

- A. The City Council reviewed the proposed final Operating Budget (“Budget”) for the City and Capital Improvement Plan (“CIP”) for fiscal years 2017-2018;
- B. The Budget and CIP are based upon appropriate estimates and financial planning for the City’s operations, services, and capital improvements;
- C. The City Council conducted public study sessions on June 12, 13, and 14, 2017;
- D. The City Council is fully informed regarding the City’s current finances, projected revenue, and financial obligations; and
- E. It is in the public interest for the City Council to adopt the Budget and CIP as proposed by the City Manager.

SECTION 2: ADOPTION. The Budget and the Capital Improvement Projects as incorporated by reference into this Resolution are approved and adopted subject only to the authorizations set forth below. Such approval and adoption includes, without limitation, the Position Control Listing of Authorized Positions, Classification and Compensation Plans set forth in the Budget which recognizes new classifications and removes unused classifications.

SECTION 3: APPROPRIATIONS LIMIT.

- A. Article XIII B of the California Constitution requires the City to set its Appropriations Limit on an annual basis;
- B. The City’s Appropriations Limit may be adjusted annually based upon inflation and population growth.
- C. The City Council may choose the method of calculating adjustments to the City’s Appropriations Limit on an annual basis. For inflation, pursuant to Article XIII B, § 8(e)(2), adjustments to the Appropriations Limit may be calculated using either the percentage change in per capita personal income from the preceding year or the percentage change in the local assessment roll from the preceding year because of local nonresidential new construction. For population growth, pursuant

to Government Code § 7901(b), the City may either use the percentage growth either in its jurisdiction or from the surrounding county.

- D. Pursuant to Article XIII B of the California Constitution, and those Government Code sections adopted pursuant to Article XIII B, § 8(f), the City Council chooses to adjust the City's Appropriations Limit by calculating inflation using the California per capita personal income growth and calculating population growth by using the percentage change in population in Los Angeles County.
- E. As a result of the adjustments made to the City's Appropriations Limit, the City Council sets the Appropriations Limit for fiscal year 2017-2018 at \$87,869,624.

SECTION 4: BUDGET APPROPRIATIONS. Based upon the Budget, the total General Fund operating budget, including transfers, is \$40.7 million. The Overall City Budget is \$94.4 million including Capital Improvement Projects. The City Manager, or designee, is authorized to implement the following appropriations for City Departments:

Department	All Funds	General Fund	Other
City Council	\$ 122,521	\$ 83,421	\$ 39,100
Regional Associations	78,388	30,688	47,700
City Manager	396,278	168,318	227,960
City Clerk	367,775	302,761	65,104
City Treasurer	20,235	18,447	1,788
City Attorney	594,200	278,000	316,200
Management Services	2,569,103	1,097,368	1,471,735
Human Resources / Risk Management	1,197,612	715,089	482,523
Community / Economic Development	4,456,771	1,785,713	2,671,058
Police	18,700,336	14,325,598	4,374,738
Fire	13,110,677	9,798,611	3,312,066
Library	2,887,539	1,868,121	1,019,418
Recreation / Community Services	3,163,952	2,189,849	974,103
Public Works	26,095,976	2,966,927	23,129,049
Non-Departmental and Transfers	13,625,344	4,390,300	9,235,044
Successor Agency for the Former RDA	2,217,444		2,217,444
Total	\$89,604,151	\$40,019,211	\$49,584,940

SECTION 5: CIP APPROPRIATIONS. Based upon the CIP, a total of \$4.8 million is appropriated for capital improvement projects for Fiscal Year 2017-2018. The City Manager, or designee, is authorized to implement the CIP with the following funds and amounts:

Department	All Funds	General Fund	Other
4224 Water Capital Projects	\$ 1,125,000	-	\$ 1,125,000
5001 Street Construction	2,215,400	\$ 250,000	1,965,400
5002 Community Capital Improvement	1,456,106	458,106	998,000
Total	\$ 4,796,506	\$ 708,106	\$ 4,088,400
Grand Total	\$94,400,657	\$40,727,317	\$53,673,340

SECTION 6: REAPPROPRIATION. The City Manager, or designee, is authorized to reappropriate any unused appropriations for capital projects, special projects, and grant programs at the close of Fiscal Year 2017-2018 for the Budget and CIP.

SECTION 7: FUND OPERATING RESERVES. The City Manager, or designee, may appropriate any remaining revenues at the close of Fiscal Year 2017-2018 into the applicable Fund operating reserve per Governmental Accounting Standards Board (GASB) Statement No. 54.

SECTION 8: BUDGET ADJUSTMENTS. The Budget may be subsequently adjusted as follows:

- A. By majority vote of the City Council;
- B. By the City Manager, or designee, for all appropriation transfers between programs and sections within a City department and between appropriation units (e.g., salaries and benefits, services and supplies, and capital outlay) within programs;
- C. Objects code expenditures within appropriation units in a program are not restricted so long as funding is available in the appropriation unit as a whole.

SECTION 9: CONTRACTING AUTHORITY.

- A. Pursuant to Monterey Park Municipal Code ("MPMC") Chapter 3.20, the City Manager, or designee, is authorized to bid and award contracts for the equipment, supplies, and services approved in the Budget.

- B. Pursuant to MPMC § 3.90.050(c), the City Manager or designee, is authorized to execute all contracts awarded for equipment, supplies, and services approved in the Budget.
- C. For all other services, equipment, and supplies, the City Manager or designee, is authorized to execute contracts in accordance with the MPMC.

SECTION 10: The City Clerk is directed to certify the adoption of this Resolution; record this Resolution in the book of the City's original resolutions; and make a minute of the adoption of the Resolution in the City Council's records and the minutes of this meeting.

SECTION 11: This Resolution will become effective immediately upon adoption and will remain effective unless repealed or superseded.

PASSED, APPROVED and ADOPTED this 28th day of June, 2017.

Teresa Real Sebastian
Mayor
City of Monterey Park

ATTEST:

Vincent D. Chang, City Clerk

APPROVED AS TO FORM:
MARK D. HENSLEY, City Attorney

By: _____
Karl H. Berger
Assistant City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF MONTEREY PARK)

I, VINCENT D. CHANG, City Clerk of the City of Monterey Park, California, do hereby certify that the foregoing Resolution No. was duly and regularly adopted by the City Council of the City of Monterey Park at a meeting held on the 28th day of June 2017 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Dated this 28th day of June 2017

Vincent D. Chang, City Clerk