

City of Montclair

Fiscal Year 2022-23
General Operating Fund Budget Review
Wednesday, June 22, 2022
6:00 p.m.



Fiscal Year 2022–23

OVERVIEW And BUDGET PROCESS



Fiscal Year 2022–23 Overview

- This evening's Budget Workshop provides an overview of the Proposed Fiscal Year 2022–23 Annual Budget for the City of Montclair, with focused discussion on the following topics:
 - Budget Process
 - Producing a Balanced Budget
 - Revenue and Appropriations
 - Unassigned and Special Purpose Reserve Funds
 - Personnel Services
 - Building a Better Montclair

Fiscal Year 2022–23 Budget Process

- ❑ The annual budget development process includes the following significant steps:
 - Finance Department staff develop and refine revenue projections.
 - Finance Department staff, in conjunction with Departments, forecast personnel requirements.
 - Department Heads and their staff are provided with prior year amounts and formats for budgeting annual budget requests.
 - Departments prepare their budget requests for appropriations.
 - City Manager and Finance Department meet with Department Heads and staff to evaluate, modify, and finalize Department–level requests.
 - The Proposed Annual Budget document is submitted for City Council review and consideration.

Fiscal Year 2022-23

PRODUCING A
BALANCED BUDGET



Fiscal Year 2022–23

Balancing the Budget

- The annual and primary goal related to budget preparation:
 - Produce an operating budget where revenues equal or exceed appropriations:
 - The Fiscal Year 2022–23 Budget, as presented, has a net excess of General Fund Revenues over General Fund Operating Appropriations in the amount of \$2,887,720.
 - This excess in General Fund Revenues is directly related to projected increases in the City’s Sales Tax and Transactions and Use Tax Revenues.
 - This surplus in General Fund Revenue over General Fund Appropriations has enabled the General Fund Unassigned Reserve to be brought to \$7.26 million, which is approximately 22.29% of the General Fund Operating Appropriations, and nears compliance with City Council’s Unassigned Reserve Ratio goal of 25%.

Fiscal Year 2022-23

REVENUES



Fiscal Year 2022–23 Revenue Budget

Table 1
Estimate of Revenues – All Funds

| | <u>Current Year</u> | <u>Revised Prior Year</u> | <u>Change</u> |
|-------------------------------|---------------------|-------------------------------|----------------|
| Estimated Revenue: | | | |
| All Funds | \$ 72,134,048 | \$ 63,599,126 | \$ 8,534,922 |
| General Operating Fund | \$ 38,611,863 | \$ 41,523,676 | \$ (2,911,813) |

Fiscal Year 2022–23

Revenue Components

❑ Significant Revenue Components: General Fund:

- \$33,549,724 in combined property, sales and use, and transactions and use taxes—primarily due to a rebounding economy following reopening of the state post COVID–19 Pandemic, and the passage of Measure L by Montclair voters at the November 3, 2020, General Municipal Election.
- Of the above total, the following amounts are allocated as indicated:
 - Debt Service on Bonds:
 - \$2,587,763 – 2014 Lease Revenue Bond.
 - \$2,394,413 – 2021 Lease Revenue Bond.
 - \$4,437,813 – 2021 Pension Obligation Bond.
 - \$3 million to the Unfunded Accrued Liability/Pension Obligation Amortization Fund.
 - \$2,386,263 to the Public Parking Facility Development Fund.
 - \$500,000 to a proposed Inflation Control Expenditure Fund.
 - \$1,132,320 to Special Purpose Reserve Funds for special governmental purposes.
 - \$1,500,000 to the Economic Development Assets Fund.

Fiscal Year 2022–23 Revenue Components

- ❑ Other Fiscal Year 2022–23 General Fund Revenue adjustments:
 - \$16,600 **increase** in fines and forfeitures—primarily due to an increase in parking citations.
 - \$56,500 **increase** in miscellaneous revenues—primarily due to increases in other miscellaneous revenue and reimbursed expenditures.

Fiscal Year 2022–23

Revenue Components

❑ Significant Revenue Adjustments — All Other Fund Accounts:

- \$100,883 increase in the Gas Tax Fund—due primarily to the reopening of the state post COVID–19 Pandemic, resulting in an increase of vehicle usage and gasoline purchases as well as increased gas prices.
- \$100,000 increase in the Measure I Fund—due primarily to the reopening of the state post COVID–19 Pandemic resulting in an increase in retail sales.
- \$335,000 increase in the Park Development Fund—recognizing increased Quimby Act fees due to residential construction in the City.
- \$1,544,353 increase in the American Rescue Plan Fund—recognizing actual federal allocations available through San Bernardino County for costs related to the COVID–19 Pandemic. The second tranche will be received in the third quarter of 2022.
- \$176,788 increase in the Public Safety Fund – due primarily to the reopening of the state post COVID–19 Pandemic resulting in an increase of retail sales.
- \$205,000 increase in the Economic Development Fund – due primarily to an increase in RPTTF Property Taxes.

Fiscal Year 2022-23

APPROPRIATIONS



Fiscal Year 2022-23 Operating Appropriations

**Table 2
Department Requests/City Manager Recommended**

| | <u>Department's Request</u> | <u>City Manager Approved</u> | <u>Change</u> |
|--|---------------------------------|----------------------------------|---------------|
| Appropriations: | | | |
| Total - All Funds (Exclusive of Debt Service) | \$ 45,106,438 | \$ 43,280,083 | \$ 1,826,355 |
| Total - General Operating Fund | \$ 32,953,536 | \$ 32,591,823 | \$ 361,713 |

**Table 3
City Manager Recommended Amounts**

| | <u>Current Year</u> | <u>Prior Year</u> | <u>Change</u> |
|-------------------------------|---------------------|-------------------|---------------|
| Appropriations: | | | |
| All Funds | \$ 52,700,072 | \$ 49,807,415 | \$ 2,892,657 |
| General Operating Fund | \$ 32,591,823 | \$ 32,064,243 | \$ 527,580 |

Fiscal Year 2022–23

Operating Appropriations

□ Personnel Services:

- All Funds: \$26,093,177—60.3% of Total Appropriations.
 - Down from \$28,901,483 (64.8%) for FY 2021–22
 - This reduction in personnel costs is due to the elimination of the UAL payment made to CalPERS each year.
- General Fund: \$22,630,421—69.4% of General Fund Appropriations.
 - Down from \$23,663,705 (73.8%) for FY 2021–22
- The reduction in personnel costs is related to the elimination of the annual UAL payment to CalPERS.

Fiscal Year 2022–23

Operating Appropriations

▣ Services and Supplies:

- All Funds: \$15,644,212—36.1% of Total Appropriations.
 - Up from \$15,229,220 (47.5%) for FY 2021–22
- General Fund: \$9,459,427—29% of General Fund Appropriations.
 - Up from \$8,301,188 (25.9%) for FY 2021–22

Fiscal Year 2022–23

Operating Appropriations

- ❑ Capital Outlay: \$1,542,694 is budgeted in FY 2022–23 of which \$185,200 is being funded by the Equipment Replacement Fund (ERF).
 - City Manager Department.
 - \$286,500 – Computer Equipment for Citywide Requirements (General Fund)
 - Human Services Department.
 - \$ 4,900 – Leg Curl Machine (General Fund)
 - Police Department.
 - \$ 49,550 – One Administration Vehicle (COPS ELEAS Grant Fund)
 - \$100,447 – Two Investigations Vehicles (COPS ELEAS Grant Fund)
 - \$264,500 – Four Patrol Vehicles (ERF/SB509 Fund)

Fiscal Year 2022–23

Operating Appropriations Cont.

□ Capital Outlay: Fire Department.

- \$30,000 – Hose Replacement (General Fund)
- \$28,500 – Tablet Command/First Due Hardware (General Fund)
- \$ 2,500 – Ice Machine (General Fund)
- \$44,140 – Two Lucas 3 Chest Compression Systems (General Fund)
- \$44,300 – One LifePak 15 Version 4 Cardiac Monitor and Defibrillator (General Fund)
- \$ 4,500 – Two King Vision aBlade Model Video Laryngoscope (General Fund)

Fiscal Year 2022–23

Operating Appropriations Cont.

□ Capital Outlay:

➤ Public Works Department.

- \$ 2,000 – Office Furniture for Director of Public Works (General Fund)
- \$ 12,000 – Graco Line Lazer V3900 Line Striper (General Fund)
- \$ 5,000 – Bull 240 Industrial HEPA Concrete Vacuum (General Fund)
- \$ 16,000 – Walk Behind Roller for Unit 311 Asphalt Truck (General Fund)
- \$ 1,600 – Landscape Trailer for Street Crew (General Fund)
- \$ 18,000 – Stake Bed and Lift Gate (ERF)
- \$568,222 – Combo Sewer Truck (Sewer Operating Fund)
- \$ 5,035 – Floor Scrubber (General Fund)

➤ Community Development Department.

- \$ 4,000 – Conference Room Furniture (General Fund)
- \$ 11,000 – Cubicle Office Furniture (General Fund)

➤ Economic Development Department.

- \$ 40,000 – One Administration Vehicle (AQMD Fund)

Fiscal Year 2022–23

Operating Appropriations

Table 4
Budget Allocations by Department

| | Personnel Services | Services Supplies | Capital Outlay | Total | Change From Prior Year | Prior Year |
|-------------------------------------|-----------------------|----------------------|---------------------|----------------------|------------------------------|----------------------|
| City Council | \$ 162,715 | \$ 302,000 | \$ - | \$ 464,715 | \$ 61,199 | \$ 403,516 |
| City Manager | 2,231,248 | 3,572,912 | 286,500 | 6,090,660 | 1,190,160 | \$ 4,900,500 |
| Administrative Services | 858,032 | 686,373 | - | 1,544,405 | 217,668 | \$ 1,326,737 |
| Human Services | 2,723,655 | 936,800 | 4,900 | 3,665,355 | (49,685) | \$ 3,715,040 |
| Police | 9,678,527 | 1,338,794 | 414,497 | 11,431,818 | 78,030 | \$ 11,353,788 |
| Fire | 3,777,390 | 681,590 | 153,940 | 4,612,920 | 281,093 | \$ 4,331,827 |
| Public Works | 3,565,702 | 5,407,567 | 627,857 | 9,601,126 | (315,584) | \$ 9,916,710 |
| Community Development | 1,606,149 | 297,766 | 15,000 | 1,918,915 | 319,092 | \$ 1,599,823 |
| Economic Development | 451,306 | 426,260 | 40,000 | 917,566 | (469,072) | \$ 1,386,638 |
| City Attorney | 131,236 | 190,000 | - | 321,236 | 16,299 | \$ 304,937 |
| Citywide | 838,377 | 1,673,500 | - | 2,511,877 | (5,735,604) | \$ 8,247,481 |
| Community Facility Districts | 68,840 | 130,650 | - | 199,490 | 45,636 | \$ 153,854 |
| Total Operating Expenditures | \$ 26,093,177 | \$ 15,644,212 | \$ 1,542,694 | \$ 43,280,083 | \$ (4,360,768) | \$ 47,640,851 |
| Debt Service | - | - | - | 9,419,989 | 4,229,602 | 5,190,387 |
| Total Expenditures | \$ 26,093,177 | \$ 15,644,212 | \$ 1,542,694 | \$ 52,700,072 | \$ (131,166) | \$ 52,831,238 |

Fiscal Year 2022–23

Fund Transfers

- The Preliminary Operating Budget recommends the following transfers in to the General Fund Operating Budget and out to other funds:

Table 5
Transfers to/from General Fund Operating Budget

| <u>To</u> | <u>From</u> | <u>Purpose</u> | <u>Transfer Amount</u> |
|------------------------|------------------------|------------------------|-----------------------------------|
| General Operating Fund | Traffic Safety Fund | Program Costs | \$ 100,000 |
| Economic Dev Assets | General Operating Fund | Establish Fund | \$ 1,500,000 |
| Special Reserve Funds | General Operating Fund | Increase Reserves | \$ 1,632,320 |
| | | Total Transfers | <u><u>\$ 3,232,320</u></u> |

Fiscal Year 2022–23

Fund Transfers

- ❑ The Preliminary Operating Budget recommends the following transfers in to the General Fund Operating Budget:
 - \$100,000 from the Traffic Safety Fund for applicable programs.
- ❑ The Preliminary Operating Budget recommends the following transfers out from the General Fund Operating Budget to the Special Purpose Funds indicated below:
 - \$ 80,741 to the Equipment Replacement Fund.
 - \$ 35,000 to the Building Maintenance Fund.
 - \$ 10,517 to the Budgetary Contingency Fund.
 - \$1,000,000 to the UAL/POB Amortization Fund.
 - \$ 500,000 to the proposed Inflation Control Expenditure Fund (ICEF).
 - \$ 6,062 to the Self–Insurance Fund.
- ❑ The Preliminary Operating Budget recommends the following transfers within the Special Purpose Funds indicated below:
 - \$243,938 from the Technology Enhancement Fund to the Self–Insurance Fund.
 - \$500,000 from the CalPERS Unanticipated Costs Fund to the Self–Insurance Fund.

Fiscal Year 2022-23

GENERAL FUND OPERATING FUND BALANCE (Unassigned Reserve)



Fiscal Year 2022–23

General Fund Operating Fund Unassigned Reserve Balance

Table 6
General Operating Fund Balance (Unassigned Reserve)
and Comparisons with Operating Appropriations

| Fiscal Year | Operating Fund Balance | Operating Appropriations | Percentage |
|--------------------------|-----------------------------------|-------------------------------------|-------------------|
| Estimated 2022-23 | \$7,264,297 | \$32,591,823 | 22.29% |
| 2021-22 | \$8,000,000 | \$38,730,780 | 24.95% |
| 2020-21 | \$5,750,543 | \$28,730,780 | 20.02% |
| 2019-20 | \$6,157,935 | \$30,786,656 | 20.00% |
| 2018-19 | \$6,201,691 | \$30,013,635 | 20.66% |
| 2017-18 | \$6,173,868 | \$28,853,787 | 21.40% |
| 2016-17 | \$6,021,152 | \$28,175,709 | 21.37% |
| 2015-16 | \$5,616,395 | \$26,437,292 | 21.24% |

Fiscal Year 2022–23

General Fund Operating Fund Unassigned Reserve Balance

- ❑ Government Finance Officers' Association (GFOA) General Fund Unassigned Reserve Ratio Recommendation is minimum 25%, optimum 50%.
- ❑ City Council Direction — Maintain Unassigned Reserve Ratio of 25% of Operating Appropriations.
 - Estimated June 30, 2023 General Operating Fund's Fund Balance estimate of approximately \$7.26 million (22.29%) nears the threshold target of 25% of operating appropriations.
 - Based on total reserve assets, including \$16,786,263 in Special Purpose Reserve Funds, the total Operating Reserve Ratio (Unassigned and Assigned) is approximately 74%.

Fiscal Year 2022–23

General Fund Operating Fund Unassigned Reserve Balance Cont.

- ❑ Fiscal Year 2022–23 Reserve Balance Ratio shows a slight decline. This decline is due to the following:
 - A difference in Operating Appropriations between consecutive years.
 - The creation of three new debt service funds that require adequate funding for annual payments.
 - 2021 Issue of Lease Revenue Bonds Debt Service Fund
 - 2021 Issue of Pension Obligation Bonds Debt Service Fund
 - UAL/POB Amortization Fund
 - Adjustments to balances in Special Purpose Reserve Funds to address a variety of issues.
 - Funding assigned to the Economic Development Agency for real property acquisition.
- ❑ City staff will continue to strive to obtain a Fund Balance Ratio in the General Operating Fund’s Unassigned Reserves that represents no less than 25% of the General Operating Fund’s Appropriations Budget.

Fiscal Year 2022-23

MAINTAINING GENERAL FUND'S
FUND BALANCE AND RESERVES



Fiscal Year 2022–23

General Operating Fund's Fund Balance/Revenue

- In recent years, the City's success at achieving and maintaining a healthy General Fund Operating Fund Unassigned Reserve Fund Balance has been accomplished through commitment to the following coordinated objectives:
 - Fiscal restraint achieved by implementation of sound economic policies and practices.
 - Reviewing the shared allocation of personnel-related costs between the General Operating Fund, other City entities, and other City Funds.
 - Controlling or restricting growth in personnel-related costs.
 - Requiring employees to pay a portion of the CalPERS Member Contribution.
 - Implementation of Revenue Enhancement Measures.

Fiscal Year 2022–23

General Operating Fund's Fund Balance/Revenue

- ❑ Recent and ongoing efforts designed to enhance City revenues include the following:
 - Ongoing evaluation of service contracting for specified programs. Objective: Maintain and enhance services and achieve cost efficiencies.
 - Consideration of a Proposition 64 compliance program, and any related fee structure.
 - Promoting development within north Montclair pursuant to the Amended North Montclair Downtown Specific Plan (NMDSP), with projects to include high-density residential and mixed-use development.
 - Pursue development within the Montclair Place District Specific Plan Area (MPDSP), with development to address the changing nature of the retail industry.
 - Promote housing, commercial, and industrial development projects throughout the Montclair community.
 - Adopt the General Plan Update and the Arrow Highway Mixed Use District Specific Plan (AHMUD) to promote appropriate zoning patterns throughout the community and direct development in the northeast area of the City.

Fiscal Year 2022-23

PERSONNEL SERVICES



Fiscal Year 2022–23

Personnel Services

□ Personnel Services:

- 199 Full-Time Positions.
 - 198.51 assigned to General Fund/Sewer Fund/Gas Tax/Grants
 - 0.00 Montclair Housing Corporation
 - Positions previously funded by the Housing Corporation are now fully funded by the General Fund – an action that reserves Housing Corporation funding for maintenance and expansion of the City’s affordable housing program.
 - 0.49 Montclair Successor Redevelopment Agency
- 3 part-time benefitted positions.

Fiscal Year 2022–23 Personnel Services

- The City’s Fiscal Year 2022–23 Proposed Operating Budget incorporates the following personnel–related reclassifications:
 - *Director of Human Services to Assistant City Manager/Human Services Director.* The wage and benefit–related cost adjustment at Step “E” is approximately \$22,120 annually at the current rate of pay and benefits.*
 - *Finance Manager to Director of Finance.* The wage and benefit–related cost adjustment at Step “E” is approximately \$66,150 annually at the current rate of pay and benefits.*
 - *Senior Management Analyst to Assistant Director of Human Services/Grant Manager.* The wage and benefit–related cost adjustment at Step “E” is approximately \$50,264 annually at the current rate of pay and benefits.*
 - *Assistant Engineer to Associate Engineer.* The wage and benefit–related cost adjustment at Step “E” is approximately \$9,840 annually at the current rate of pay and benefits.*

***Employees subject to reclassification/promotion are generally placed at Step “A” of the new position or placed into a Step that provides a minimum 2.5% wage adjustment.**

Fiscal Year 2022–23

Personnel Services

- The City’s Fiscal Year 2022–23 Proposed Operating Budget incorporates the following personnel–related additions:
 - *Assistant to the City Manager/Economic Development Agency.* The wage and benefit–related cost at Step “E” is approximately \$146,970 annually at the current rate of pay and benefits.
 - *Deputy City Clerk.* The wage and benefit–related cost at Step “E” is approximately \$79,545 annually at the current rate of pay and benefits.
 - *Crime Analyst.* The wage and benefit–related cost at Step “E” is approximately \$95,460 annually at the current rate of pay and benefits.*
 - *Police Dispatch Supervisor.* The wage and benefit–related cost at Step “E” is approximately \$105,675 annually at the current rate of pay and benefits.**
- * Approved by the Personnel Committee for the FY 2021–22 Budget, but remains vacant.
- **Approved by the Personnel Committee for the FY 2021–22 Budget. However, the Chief of Police anticipates converting the position to Police Dispatcher.

Fiscal Year 2022–23

Personnel Services

- ❑ Fire Department. During Fiscal Year 2022–23, the City Manager will evaluate restructuring the Fire Department to include the following:
 - Restoring the Fire Chief classification.
 - Adding up to six Firefighter/Paramedic positions.
 - Redeployment of Emergency Medical Rescue Squad services.
- ❑ The projected annual wage and benefit cost to restore the Fire Chief and Firefighter/Paramedic positions will add approximately \$1.1 million annually at the current rate of pay and benefits at Step “E”.
- ❑ The \$1.1 million cost estimate does not include capital costs related to returning a rescue squad to full service. Vehicle–related costs will be based on equipment needs, supplies, and the deployment capabilities of existing rolling stock.

Fiscal Year 2022-23

BUILDING A BETTER MONTCLAIR



Fiscal Year 2022–23

Building a Better Montclair

- Building a better Montclair requires a team of dedicated leaders committed to excellence and the pursuit of ideas and ideals. To achieve this blend of municipal achievement, the City Manager regularly challenges the organization with new objectives designed to:
 - Promote Improvements to the overall quality of life in Montclair;
 - Facilitate infrastructure improvements throughout the City;
 - Address long-term costs related to CalPERS pension increases;
 - Promote and enhance community services and public safety programs;
 - Produce revenue essential for enhancing employee working conditions;
 - Address state and federal legislative priorities that affect organizational operations;
 - Strengthen and harden Montclair against adverse fiscal conditions;
 - Promote special objectives, including extension of Gold Line light rail service to the Montclair Transcenter; and
 - Address City Council-directed priorities and objectives.

Fiscal Year 2022–23

Building a Better Montclair

- Recent, ongoing and planned efforts designed to achieve objectives on the previous slide include the following:
 - Formation of a new Transactions and Use Tax District.
 - Measure L was approved by voters on November 3, 2020, with approximately 69 percent approval.
 - Due to a rebounding, post-pandemic economy, Measure L is projected to generate approximately \$10.1 million in Fiscal Year 2022–23
 - Evaluate Service Contracting for Specified Programs.
 - Service Programs offered by the City are occasionally evaluated to determine if service contracting provides the City with viable and affordable options for delivering public services; for example, the following are provided through contract services:
 - Fire code inspections, solid waste collection services, and a variety of services in the Public Works Department.
 - City Staff will continue to evaluate outsourcing of services to promote cost efficiencies and enhance services to the community.

Fiscal Year 2022–23

Building a Better Montclair

- Consider Implementation of a Proposition 64 Commercial Cannabis Compliance Program
 - City staff projects that a regulatory system for cannabis will produce between \$2 million to \$4 million in annual revenue, based on the number and type of licenses issued, and the designated locations for regulated commercial cannabis activities.
 - Commercial cannabis sales are already present in Montclair through delivery services, permitted statewide under Proposition 64. Montclair receives no tax benefit from the local sale of cannabis provided through delivery from area cities.
 - The City also commits services to combat illegal cannabis operations.
 - Adjacent cities that have approved or are expected to approved commercial cannabis sales are:
 - Pomona – Approved
 - Claremont – Expected to approve

Fiscal Year 2022–23

Building a Better Montclair

- Consider Implementation of a Proposition 64 Commercial Cannabis Compliance Program — continued
 - Recent polling of residents, conducted by FM3, demonstrates that approximately 70% of likely Montclair voters support legalization of cannabis; and of that 70% in support, approximately 90 percent support a City-sponsored tax on commercial cannabis sales and activities.
 - A tax measure submitted for voter consideration is likely to propose a 3% minimum to 10% maximum tax rate on gross sales of commercial cannabis activities.
 - Support for the legalization of cannabis continues to grow. In 2016, when Proposition 64 was approved statewide by voters, the measure received approximately 53.4% voter approval in Montclair. Today, the likely level of support in Montclair appears to have increased by approximately 16%. A similar level of approval is reflected statewide.

Fiscal Year 2022–23

Building a Better Montclair

- Promote Development within North Montclair Pursuant to the Amended North Montclair Downtown Specific Plan (NMDSP).
 - Promoting development in North Montclair is expected to achieve the following:
 - Improve the overall quality of life in the community;
 - Create new housing, office, and mixed–use projects;
 - Move forward the City’s vision for a transit–oriented district; and
 - Improve Montclair’s property and sales tax base.
 - To date, NMDSP development projects include:
 - The 385–unit “The Paseos at Montclair North”;
 - The 129–unit “The District at Arrow Station”;
 - The 212–unit “The Alexan–Kendry”;
 - The 23–unit “Vista Court”; and
 - The 360 mixed–unit “Village at Montclair” which is now under construction.

Fiscal Year 2022–23

Building a Better Montclair

- Promote Development within North Montclair Pursuant to the Amended North Montclair Downtown Specific Plan (NMDSP) — continued
 - Other NMDSP projects under review and nearing entitlement include:
 - Montclair Kendry Expansion, consisting of 137 units;
 - Montclair Station, consisting of 302 units;
 - Panera Bread;
 - Arrow Highway and Fremont Avenue Street Improvements; and
 - NMDSP/Montclair Place District Street Design and Engineering.

Fiscal Year 2022–23

Building a Better Montclair

- Promote Development within North Montclair Pursuant to the Amended North Montclair Downtown Specific Plan (NMDSP) – continued
 - Montclair Transcenter–related Projects:
 - Montclair Transcenter – Property Acquisition
 - The City Manager continues to advocate for transfer of the Caltrans–owned parcels at the Montclair Transcenter to the City for development through a public–private partnership.
 - A City–sponsored appraisal values the Caltrans–owned property at approximately \$34 million.
 - Montclair would be required to maintain parking for 1,600 vehicles.
 - A City–sponsored appraisal for the cost of construction of a 1,600 space parking garage is approximately \$37 million, creating a \$3 million to \$4 million negative value for the Caltrans–owned property.

Fiscal Year 2022–23

Building a Better Montclair

- Promote Development within North Montclair Pursuant to the Amended North Montclair Downtown Specific Plan (NMDSP) – continued
 - Montclair Transcenter–related Projects:
 - Montclair Transcenter – Property Acquisition
 - In April 2022, the City Manager submitted to the office of State Senator Susan Rubio a detailed analysis, justifying the City’s request for transfer of the Caltrans–owned property at the Transcenter to the City.
 - City staff will continue to meet with representatives from Caltrans District 8’s, Surplus/Real Property Division to promote transfer of the Caltrans–owned property at the Transcenter to the City.

Fiscal Year 2022–23

Building a Better Montclair

- Promote Development within North Montclair Pursuant to the Amended North Montclair Downtown Specific Plan (NMDSP) – continued
 - Montclair Transcenter–related Projects:
 - Montclair Transcenter – Gold Line Extension
 - Mayor John Dutrey, Mayor Pro Tem Bill Ruh, and the City Manager continue to actively advocate for extension of the Gold Line from Pomona to Montclair.
 - The Gold Line Foothill Extension Construction Authority estimates the cost of construction from Pomona to Claremont and Montclair at \$748 million.
 - The State Legislature is currently developing a budget plan for Fiscal Year 2022–23 that is expected to incorporate \$748 million in funding for the Pomona to Montclair Segment of the Gold Line.
 - If funding is approved, the Construction Authority will rebid the Pomona to Montclair segment, with completion projected for 2027–2028.
 - In Fiscal Year 2023–24, the City Manager will propose funding a Gold Line/Montclair Transcenter Betterment Program to improve Transcenter operations, services, and architectural features.

Fiscal Year 2022–23

Building a Better Montclair

➤ Redevelopment of Montclair Place

- The planned redevelopment of Montclair Place is intended to address the changing nature of the retail industry.
- City staff presented the Montclair Place District Specific Plan (MPDSP) to City Council for adoption in November 2021.
- The MPDSP focuses on developing a central downtown warren of blocks, streets, parks, and open spaces populated with residential, mixed-use, office, entertainment, restaurant, civic, commercial, and education uses.
- Promoting development of the Montclair Place District pursuant to the vision of the MPDSP would improve the overall quality-of-life in the community, and enhance the City's sales and property tax base.

Fiscal Year 2022–23

Building a Better Montclair

- Redevelopment of Montclair Place — continued
 - MPDSP projects recently completed within, or proposed for, the Montclair Place District include:
 - AMC Luxury Dine-In Theater;
 - Phase One Mixed-Use Project – CIM Group: featuring 500+ units in six to eight-story building configurations reflecting six architectural styles, with podium parking; and
 - Phase One Mixed-Use Project – Village Partners: featuring 340+ units in four to five building configurations reflecting five architectural styles, with podium parking.

Fiscal Year 2022–23

Building a Better Montclair

- Montclair and CIM Group Partner on Environmental, Social and Governance Investment Practices and Strategies for Montclair Place Development
 - Interest on the part of investors and other corporate stakeholders in Environmental, Social, and Governance (“ESG”) matters has surged in recent years and the current economic, public health and social justice crises have only intensified this focus.
 - Investors are increasingly embracing companies and communities that take action to address the climate crisis and other environmental and social issues including resource conservation, biodiversity, renewable energy, zero emission transit alternatives, effective waste management, and human rights.
 - CIM Group’s corporate policy represents a commitment to improving the environment, establishing dynamic districts and public gathering places, supporting community needs and the workforce, contributing to the local economy and incorporating high ESG standards.
 - Montclair supports CIM Group’s ESG leadership and its partnership with the City to incorporate ESG standards in development of the Montclair Place District.

Fiscal Year 2022–23

Building a Better Montclair

- The Economic Development Agency and its Expanding Role in Promoting Economic Development, Planning for Development in the City’s Sphere of Influence, and Promotion of Affordable Housing
 - The Fiscal Year 2022–23 Proposed Operating Budget provides for retitling the Economic Development Department as the Economic Development Agency (EDA), emphasizing the Department’s evolving role as an extension of the former Montclair Redevelopment Agency.
 - Assets of the Economic Development Department will be retained by the EDA and its administrative programs
 - The Montclair Housing Authority and Montclair Housing Corporation.

Fiscal Year 2022–23

Building a Better Montclair

- The Economic Development Agency and its Expanding Role in Promoting Economic Development, Planning for Development in the City’s Sphere of Influence, and Promotion of Affordable Housing — continued
 - Included in the Fiscal Year 2022–23 Proposed Operating Budget is a recommended allocation of \$1.5 million to the Economic Development Assets Fund (EDAF), formerly the Economic Development Fund.
 - The purpose of the EDAF is to provide and enhance EDA funding for real property acquisition.
 - Real property purchased through the EDAF will be held by the EDA for future development, either through a public–private–partnership (PPP), or by sale to a private entity for development purposes.

Fiscal Year 2022–23

Building a Better Montclair

- The Economic Development Agency and its Expanding Role in Promoting Economic Development, Planning for Development in the City’s Sphere of Influence, and Promotion of Affordable Housing — continued
 - To achieve its objectives, the EDA will, in part, consider tax code provisions related to the operation of Opportunity Zones.
 - Opportunity Zones have been established in what the Federal Department of the Treasury has defined as economically distressed communities, including Montclair.
 - Within Opportunity Zones, new investments may, under certain conditions, be eligible for preferential federal tax treatment or preferential consideration for federal grants and programs.
 - The City Manager and EDA will work with County and State officials to secure Federal Opportunity Zone designation for Montclair’s Sphere of Influence (SOI) as part of an annexation strategy.

Fiscal Year 2022–23

Building a Better Montclair

- The Economic Development Agency and its Expanding Role in Promoting Economic Development, Planning for Development in the City’s Sphere of Influence, and Promotion of Affordable Housing — continued
 - Affordable Housing Development
 - In April 2022, the Montclair Housing Authority (“MHA”) became the beneficiary of approximately \$3.2 million in repaid residual receipt loans that had been provided to Augusta Communities.
 - The Montclair Housing Corporation (“MHC”) holds property in North Montclair acquired in early 2022 that may serve as the location for a future affordable housing development.
 - The City is also committed to acquiring Caltrans–owned property at the Montclair Transcenter, and pursuing a public–private partnership for development of affordable housing.

Fiscal Year 2022–23

Building a Better Montclair

- The Economic Development Agency and its Expanding Role in Promoting Economic Development, Planning for Development in the City’s Sphere of Influence, and Promotion of Affordable Housing — continued
 - San Gabriel Valley Housing Trust Fund
 - In 2019, Senator Susan Rubio authored SB 751, establishing the San Gabriel Valley Regional Housing Trust Fund — a joint powers authority allowing communities within the San Gabriel Valley Council of Government’s (SGVCOG’s) jurisdiction to receive funding for various housing and homelessness related programs.
 - To date, Senator Rubio has secured more than \$30 million in state funding to address housing and homelessness issues within SGVCOG’s jurisdiction.
 - Senator Rubio is sponsoring legislation to secure Montclair’s participation in the SGVCOG Housing Trust Fund.
 - The San Bernardino County COG is presently considering formation of a housing trust fund.

Fiscal Year 2022–23

Building a Better Montclair

➤ Addressing Homelessness

- Homelessness remains a serious issue in Montclair, the region, and throughout California.
- Through the regionally recognized leadership of the Montclair Code Enforcement Bureau in addressing homelessness issues, Code Enforcement and the EDA are engaging with local organizations to promote programs designed to address homelessness, including:
 - Developing a shelter program:
 - City staff recently met with the operator of the 34 unit Welcome Inn Motel to discuss leasing or purchasing the property for use as a temporary housing facility for members of Montclair’s homeless population.
 - City staff will continue to seek state grants for acquisition of potential housing facilities and supportive and educational services for the homeless.

Fiscal Year 2022–23

Building a Better Montclair

- Addressing Homelessness — continued
 - Acquisition of ODIN Homeless Management Information System:
 - To assist the Code Enforcement Special Unit and Montclair Police and Fire Departments with homeless interactions, the City is in the process of acquiring ODIN Homeless Management information System software.
 - ODIN Homeless Management Information System will enable City staff to promote personnel safety, support positive outcomes for homeless persons, organize outreach and support services, conduct investigations, provide facial recognition, allow first responders to conduct medical or psychological evaluations on scene, track bed availability in shelters, and provide access to free vouchers for support services.

Fiscal Year 2022–23

Building a Better Montclair

➤ Addressing Homelessness — continued

▪ Care Court

- Montclair will also engage with the San Bernardino County Department of Public Health in implementing Governor Newsom’s CARE Court concept.
- In April 2022, SB–1338 (the Community Assistance, Recovery, and Empowerment (CARE) Court Program) was introduced.
- The CARE component of CARE Court is a new mental health process intended to assist people living with under– or un–treated schizophrenia spectrum or other psychotic disorders who lack medial decision making capacity, many of whom are unhoused.
- Governor Newsom has asked the State Legislature to approve CARE Court as part of the FY 2022–23 State budget, including \$65 million for administration of CARE Court.

Fiscal Year 2022–23

Building a Better Montclair

- Addressing the Potential for a California Recession and Establishing an Inflation Control Expenditure Fund (ICEF)
 - The economy of California is the largest in the United States, with a \$3.513 trillion nominal Gross State Product (GSP) as of December 2021.
 - However, economists studying the state suggest that key indicators point to a heightened risk of a recession within two years, with some arguing the odds are 50–50 that it will happen in the next 12 months.
 - Inflation is a contributing cause of recession. Governor Newsom’s 2022 May Budget Revise includes “shock absorbers” designed to address continuing higher inflation that translates into state services that may cost more than estimated in the state’s budget.

Fiscal Year 2022–23

Building a Better Montclair

- Addressing the Potential for a California Recession and Establishing an Inflation Control Expenditure Fund (ICEF) — continued
 - Montclair’s Fiscal Year 2022–23 Proposed Operating Budget incorporates a shock absorber fund that anticipates higher than anticipated costs due to inflation.
 - Within the Special Purpose Reserve Fund is an allocation of \$500,000 assigned to an Inflation Control Expenditure Fund (ICEF).
 - City Council is requested to provide the City Manager authorization to use the ICEF to address unanticipated cost increased that are directly tied to inflationary factors.
 - City staff will continue to monitor economic conditions, maintain the City’s standard practice of due diligence over organizational operations and procedures, and report back to the City Council in the event of any looming economic concerns.

Fiscal Year 2022–23

Building a Better Montclair

- Promote Housing and Commercial and Industrial Development Projects throughout the Montclair Community
 - Promoting development throughout the Montclair community pursuant to the guidelines of an updated General Plan would improve the overall quality of life throughout the community, and improve the City's sales and property tax base.
 - *Citywide development.* A number of housing, commercial and logistics projects have already been completed in the City's southern sector, including the Cardenas market Center with other projects under development.
 - *Tiki Drive-In.* A site plan for development of this property has completed review and the project is expected to go before the Montclair Planning Commission in June and to the City Council in August.
 - *West Valley Connector Project.* The West Valley Connector Project (WVC), a 100 percent zero-emission Bus Rapid Transit (BRT) system, is expected to promote access along Holt Boulevard, from the City of Pomona to Ontario International Airport (ONT) as Phase 1. Montclair City staff will work to provide direct connections from the two stations in Montclair to other points in the City.

Fiscal Year 2022–23

Building a Better Montclair

- Promote Housing and Commercial and Industrial Development Projects throughout the Montclair Community— continued
 - Promoting development throughout the Montclair community pursuant to the guidelines of an updated General Plan would improve the overall quality of life throughout the community, and improve the City’s sales and property tax base.
 - *Holt and Mission Boulevard Corridors.* The City Manager and the City’s Economic Development team are working with Congresswoman Norma J. Torres to develop federal assistance to enhance the Holt and Mission Boulevard corridors through Pomona, Montclair, and Ontario.
 - *San Antonio Creek Trail.* The San Antonio Creek Trail will consist of a vibrant, connected, and safe multi-use greenway path that will run north-south through the entire City.
 - Montclair was awarded approximately \$4.2 million in funding by the California Department of Transportation for a pilot phase for this project.

Fiscal Year 2022–23

Building a Better Montclair

➤ 2021 Issue of Lease Revenue Bonds

- Over the next four years, City staff will complete infrastructure projects identified by the City Council for improvement.
- In April 2022, the City Council approved the award of a contract for development of a Parks Master Plan. The consultant is visiting each park, will solicit public input, and is expected to submit the plan during the first quarter of 2023.
- In April 2022, Congresswoman Norma Torres announced that the City was a recipient of a \$2 million Community Services Grant for improvements to Saratoga Park.
- In the second quarter of 2023, the City anticipates the opening of the Reeder Ranch Park. In 2020, the City was awarded a \$5.137 million grant from the Proposition 68 Statewide Park Program Grant Awards to assist with completion of this park.

Fiscal Year 2022–23

Building a Better Montclair

➤ Employee Wage Compensation Analysis

- Internal compensation practices can become stale and out of alignment with external market data, impacting recruitment and retention.
- The City of Montclair budget has achieved a level of fiscal health that allows for an external base wage compensation analysis that can lead to a pay policy such as the maintenance of “average wages” based on a comparison of survey agencies.
- The City Manager recommends that during Fiscal Year 2022–23 an external wage compensation analysis be conducted to determine cost-related impacts associated with adjusting classifications based on a pay policy of average of survey cities.

Fiscal Year 2022–23

Building a Better Montclair

➤ Employee Inflation Bonus Adjustment

- Inflation in California is at its highest level in 40 years.
- To help ease the inflation burden on employees, the City Manager recommends offering full-time and part-time employees an inflation bonus adjustment (“IBA”).
- The IBA would be provided to each full-time (192) and part-time (87) employee of the City of Montclair hired before July 1, 2022, who is employed and actively and regularly working in the position hired into.
- The IBA would not be provided to any employee who, prior to July 1, 2022, has been on administrative leave or has otherwise not been regularly and actively working at his or her regular place of employment with the City for thirty- (30) days or more between January 1, 2002 and July 1, 2022.
- The City Manager recommends a \$1,500 IBA for each full-time employee and a \$1,000 IBA for each part-time employee for a total of \$375,000.
- Funds for the IBA will be allocated from the Special Purpose Reserve Fund for Unanticipated Personnel Expenditures.

Fiscal Year 2022–23

Building a Better Montclair

➤ Flashing Stop Sign Replacement Program

- The City Council has demonstrated a commitment to the adopted Safe Routes to School (SRTS) Program.
- A permitted Manual on Uniform Traffic Control Devices (MUTCD) upgrade for the SRTS Program is the installation of flashing stop signs at designated points throughout the community.
- City staff estimates that the average cost per flashing stop sign is approximately \$1,800, not including installation. An estimated 433 stop signs are installed throughout the City.
- Based on GIS mapping data, City staff estimates that approximately 250 stop sign locations may potentially warrant an upgrade to the flashing stop sign configuration at a cost of approximately \$450,000 with installation costing approximately \$100,000.
- The City Manager recommends allocating approximately \$250,000 from the General Fund Unassigned Reserve and \$300,000 from the 2021 Issue of Lease Revenue bonds for the program.
- City staff will report back to the City Council for approval of program funding and identification of installation locations.

Fiscal Year 2022-23

General Fund
Special Purpose Funds



Fiscal Year 2022–23

Special Purpose Funds

- Special Purpose Funds Established to Address Current and Future Liabilities/Programs/Projects/Goals Requiring a Commitment of Funds Not Incorporated into the General Fund Operating Budget:
 - **CalPERS Unanticipated Normal Costs.**
 - Retains \$2,500,000 for CalPERS and Post Employment Liabilities after a proposed transfer out to the Self–Insurance Special Reserve Fund.
 - **Technology Account.**
 - Retains \$750,000 for technology acquisitions after a proposed transfer out to the Self–Insurance Special Reserve Fund.
 - **Self–Insurance Fund.**
 - Retains \$1,600,000 for City–related self–insurance retention liabilities after a proposed transfer in from other Special Reserve Funds.
 - **Building Maintenance Fund.**
 - Retains \$1,000,000 for building maintenance after a proposed FY 2022–23 transfer in.

Fiscal Year 2022–23

Special Purpose Funds

- Special Purpose Funds Established to Address Current and Future Liabilities/Programs/Projects/Goals Requiring a Commitment of Funds Not Incorporated into the General Fund Operating Budget: — continued
 - **Unanticipated Personnel Adjustment Fund.**
 - Retains \$1,000,000 for unanticipated personnel-related expenditures.
 - **Equipment Replacement Fund.**
 - Retains \$2,245,541 for equipment acquisitions.
 - Reflects a reduction of \$185,200 towards FY 2022–23 Capital Outlay purchases and a transfer in of \$80,741 from the General Fund Operating Budget for a net effect of –\$104,459.
 - **OPEB/Retiree Medical Liability.**
 - Retains \$1,500,000 for Other Post Employment Benefits (OPEB).

Fiscal Year 2022–23

Special Purpose Funds

□ Special Purpose Funds Established to Address Current and Future Liabilities/Programs/Projects/Goals Requiring a Commitment of Funds Not Incorporated into the General Fund Operating Budget: — continued

➤ **Contingency Account.**

- Retains \$200,000 for unanticipated expenditures after a proposed FY 2022–23 transfer in.

➤ **UAL/POB Amortization Service Fund.**

- Retains \$3,000,000 after a proposed FY 2022–23 transfer in.

➤ **Parking Facility Development.**

- Retains \$2,386,263 for parking facility development.

➤ **Inflation Control Expenditure Fund.**

- Retains \$500,000 after a proposed FY 2022–23 transfer in.

***TOTAL ESTIMATED ALL SPECIAL PURPOSE FUNDS: \$16,681,804**
(After proposed Equipment Replacement Fund uses)

Fiscal Year 2022-23

2014 Issue of Lease Revenue Bonds

Payment Period

Fiscal Year 2014 to 2045



Fiscal Year 2022–23

2014 Issue of Lease Revenue Bonds

- ❑ Debt Service: 2014 Issue of Lease Revenue Bond:
 - Issue Amount: \$45,000,000.
 - Purpose:
 - Defeasance balance of 2005 Issue, which was used for Police Facility and Youth and Senior Center Projects.
 - Provide approximately \$22 million for Public Works infrastructure projects.
 - The 2014 Issue of Lease Revenue Bond funds have been exhausted.
 - Annual Debt service of approximately \$2.6 million remains through FY 2044–45
 - Funding Source for annual debt service: General Fund Revenue—\$2,587,763

Fiscal Year 2022-23

2021 Issue of Lease Revenue Bonds

Payment Period

Fiscal Year 2022 to 2051



Fiscal Year 2022–23

2021 Issue of Lease Revenue Bonds

- ❑ Debt Service: 2021 Issue of Lease Revenue Bond:
 - Issue Amount: \$45,000,000.
 - Purpose:
 - Complete infrastructure improvement projects throughout the City.
 - Remaining balance: Approximately \$44.73 million.
 - Annual debt service: approximately \$2.4 million through FY 2050–51.
 - Funding Source for annual debt service:
 - General Fund Revenue—\$2,394,413

Fiscal Year 2022-23

2021 Issue of Pension Obligation Bonds

Payment Period

Fiscal Year 2021 to 2041



Fiscal Year 2022–23

2021 Issue of Pension Obligation Bonds

- ❑ Debt Service: 2021 Issue of Pension Obligation Bond:
 - Issue Amount: \$62,190,000.
 - Purpose:
 - Transfer debt from the City’s California Public Employees’ Pension System, (CalPERS) Unfunded Accrued Liability (UAL) account to the Pension Obligation Bond.
 - Annual debt service: approximately \$4.4 million through FY 2040–41.
 - Funding Source for annual debt service:
 - General Fund Revenue—\$4,437,813

Fiscal Year 2022-23

Proposed Budget Conclusion



Fiscal Year 2022–23 Conclusion

- ❑ Fiscal Year 2022–23 General Fund Operating Budget:
 - Successful and balanced budget.
 - Utilizes a number of funds and strategies to achieve balance.
 - Improved sales tax revenues, combined with increased transactions and use tax earnings generated by Measure F and Measure L contribute to the City’s ability to recover in the post–COVID–19 Pandemic era.
 - The Fiscal Year 2022–23 Proposed Budget incorporates the following debt service funds:
 - The 2014 Issue of Lease Revenue Bonds Debt Service Fund – \$2,587,763;
 - The 2021 Issue of Lease Revenue Bonds Debt Service Fund – \$2,394,413; and
 - The 2021 Issue of Pension Obligation Bonds Debt Service Fund – \$4,437,813.

Fiscal Year 2022–23

Conclusion

- ❑ Fiscal Year 2022–23 General Fund Operating Budget:
 - The Fiscal Year 2022–23 Budget, as proposed also incorporates the allocation of funds for the following:
 - UAL/POBAF pursuant to the UAL/POBAF Pension Policy – \$3,000,000;
 - Public Parking Facility Development Fund – \$2,386,263;
 - Inflation Control Expenditure Fund (ICEF) – \$500,000;
 - Economic Development Assets Fund – \$1,500,000.
 - During Fiscal Year 2022–23, City staff will ask the City Council to consider a ballot proposal seeking voter approval of a commercial cannabis sales tax measure.

Fiscal Year 2022–23

Conclusion

□ Fiscal Year 2022–23 General Fund Operating Budget:

➤ Going forward, City staff will:

- Routinely look at fresh approaches for service delivery;
- Continue to evaluate grants and outside funding opportunities;
- Seek to develop strategies to improve both the appearance and infrastructure of the community;
- Promote new revenue concepts;
- Pursue development of the City's commercial and residential base;
- Promote Economic Development opportunities by drawing on the City's past and effective promotion of redevelopment;
- Continue to develop the City's expanding partnership with CIM Group for investments in North Montclair; and
- Work with legislators and the City Council to move Montclair forward.



End of
Fiscal Year 2022-23
Proposed Budget Review
Presentation

Questions & Answers

Montclair Housing Corporation

Proposed Budget
Fiscal Year 2022–23



Montclair Housing Corporation Fiscal Year 2022–23 Sources and Uses—Estimated Revenue

- List of Montclair Housing Corporation Properties:
 - Contained in Montclair Housing Corporation Budget.
 - Estimated Fund Balance, July 1, 2022:
 - \$2,045,094
 - Estimated Revenue:
 - Rental Income: \$975,000
 - Interest Income: \$18,000
 - TOTAL: \$3,038,094
 - Positions previously funded by the Housing Corporation are now fully funded by the General Fund – an action that reserves Housing Corporation funding for maintenance and expansion of the City’s affordable housing program.

Montclair Housing Corporation

Fiscal Year 2022–23

Sources and Uses—Appropriations

| ADMINISTRATIVE COSTS | |
|--|--------------------|
| Salaries and Benefits | \$ 0 |
| MHC Property Expenses | \$ 580,000 |
| Building Repair—Major | \$ 300,000 |
| Legal Costs | \$ 25,000 |
| Other Professional Services | \$ 20,000 |
| General Insurance | \$ 51,000 |
| Health Permit | \$ 950 |
| Audit Fees | \$ 1,000 |
| Miscellaneous Costs | \$ 450 |
| Subtotal: | \$ 978,400 |
| Assigned Fund Balance Long-term Maintenance & Repair | \$ 2,059,694 |
| Unassigned Fund Balance | \$ 0 |
| ESTIMATED FUND BALANCE JUNE 30, 2022: | \$2,045,094 |
| ESTIMATED FUND BALANCE JUNE 30, 2023: | \$2,059,694 |



End of
Fiscal Year 2022-23
Montclair Housing Corporation
Budget Review Presentation

Questions & Answers