

City of Montclair

Fiscal Year 2023–24
General Operating Fund Budget Review
Thursday, June 22, 2023
6:00 p.m.



Fiscal Year 2023–24

OVERVIEW And BUDGET PROCESS



Fiscal Year 2023–24 Overview

- This evening's Budget Workshop provides an overview of the Proposed Fiscal Year 2023–24 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 2023–24 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 2023–24

PRODUCING A
BALANCED BUDGET



Fiscal Year 2023–24 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 2023–24 Budget, as presented, has a net excess of General Fund Revenues over General Fund Operating Appropriations in the amount of \$3,785,229.
 - This excess in General Fund Revenues is driven largely by revenue generated by *Measure L*.
 - This surplus in General Fund Revenue over General Fund Appropriations has enabled the General Fund Unassigned Reserve to be brought to \$8 million, which is approximately 22.45% of the General Fund Operating Appropriations, and nears compliance with City Council’s Unassigned Reserve Ratio goal of 25%.

Fiscal Year 2023-24

REVENUES



Fiscal Year 2023–24 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	\$ 69,175,985	\$ 73,613,172	\$ (4,437,187)
General Operating Fund	\$ 39,369,327	\$ 40,059,369	\$ (690,042)

Fiscal Year 2023–24 Revenue Components

- ❑ Significant Revenue Components: General Fund:
 - \$33,227,793 in combined Property, Sales and Use, and Transactions and Use taxes. This amount includes the following estimates:
 - \$15,980,793 in Bradley Burns Sales Tax revenue;
 - \$11,074,000 in Transaction and Use Tax revenue related to Measure L;
 - \$2,773,000 in Transaction and Use Tax revenue related to Measure F; and
 - \$3,400,000 in Property Tax revenue.
 - Of the above total, the following amounts are allocated as indicated:
 - Debt Service on Bonds:
 - \$2,587,763 – 2014 Lease Revenue Bond.
 - \$2,397,413 – 2021 Lease Revenue Bond.
 - \$4,437,327 – 2021 Pension Obligation Bond.
 - \$3 million to Special Purpose Reserve Funds to create three new proposed assigned revenue funds for special governmental purposes.
 - \$785,229 to the Economic Development Assets Fund.

Fiscal Year 2023–24 Revenue Components

- ❑ Other Fiscal Year 2023–24 General Fund Revenue adjustments:
 - 431,103 increase in taxes other than property, sales and use, and transaction and use taxes.
 - \$150,100 decrease in licenses and permits—due primarily to an expected decrease in the issuance of building permits.
 - \$55,000 decrease in fines and forfeitures—due primarily to a decrease in parking citations.
 - \$95,000 increase in charges for services—due primarily to an increase in rubbish collection fees.
 - \$20,300 decrease in miscellaneous revenue—due primarily to the end of the lot rental agreement with Pulice Construction.

Fiscal Year 2023–24 Revenue Components

- ❑ Significant Revenue Adjustments — All Other Fund Accounts:
 - \$96,000 increase in the Measure I Fund—due primarily to an increase in retail sales in San Bernardino County.
 - \$762,381 increase in the After-School Program Fund—due primarily to a new contract with Ontario-Montclair School District to allow the City to assist additional children during after school hours.
 - \$450,000 increase in the Economic Development Fund—due primarily to an increase in RPTTF Property Taxes.
 - \$4,794,353 decrease in the American Rescue Plan Fund—due primarily to the end of the program.
 - \$503,000 increase in the Sewer Operating Fund—due primarily to an increase in sewer fees.

Fiscal Year 2023-24

APPROPRIATIONS



Fiscal Year 2023-24 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)	\$ 51,187,330	\$ 48,353,773	\$ 2,833,557
Total - General Operating Fund	\$ 39,470,019	\$ 35,641,007	\$ 3,829,012

**Table 3
City Manager Recommended Amounts**

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>
Appropriations:			
All Funds	\$ 57,776,276	\$ 52,700,072	\$ 5,076,204
General Operating Fund	\$ 35,641,007	\$ 32,591,823	\$ 3,049,184

Fiscal Year 2023–24 Operating Appropriations

□ Personnel Services:

- All Funds: \$29,731,619—61.5% of Total Appropriations.
 - Up from \$26,093,177 (60.3%) for FY 2022–23
- General Fund: \$24,762,507—69.5% of General Fund Appropriations.
 - Up from \$22,630,421 (69.4%) for FY 2022–23
- This increase in personnel costs is related to the addition of Fire personnel and negotiated cost of living increases.

Fiscal Year 2023–24 Operating Appropriations

- Services and Supplies:
 - All Funds: \$17,489,685—36.2% of Total Appropriations.
 - Up from \$15,644,212 (36.1%) for FY 2022–23
 - General Fund: \$10,181,531—28.6% of General Fund Appropriations.
 - Up from \$9,459,427 (29%) for FY 2022–23

Fiscal Year 2023–24

Operating Appropriations

- ❑ Capital Outlay: \$1,132,469 is budgeted in FY 2023–24 of which \$332,000 is being funded by the Equipment Replacement Fund (ERF).
 - City Manager Department
 - \$453,000 – Computer Equipment for Citywide Requirements (General Fund)
 - Human Services Department
 - \$ 5,000 – Office Furniture for Assistant City Manager (General Fund)
 - \$ 31,150 – One Administration Vehicle (General Fund)
 - \$ 13,000 – One Performance Stage (General Fund)
 - Police Department
 - \$218,400 – Three Patrol Vehicles (ERF/SB509 Fund)

Fiscal Year 2023–24

Operating Appropriations Cont.

□ Capital Outlay:

➤ Fire Department

- \$86,000 – One Fire Chief Vehicle (Equipment Replacement Fund)
- \$13,000 – Nine MSA SCBA Bottles (General Fund)
- \$ 6,000 – One Ventilation Fan for ME152 (General Fund)
- \$28,000 – Two Emergency Vehicle Light Packages (General Fund)
- \$10,000 – Classroom Tables and Chairs (General Fund)
- \$15,000 – Gym Equipment for Fire Stations 1 and 2 (General Fund)
- \$38,319 – One LifePak 15 Version 4 Cardiac Monitor & Defibrillator (General Fund)

Fiscal Year 2023–24

Operating Appropriations Cont.

□ Capital Outlay:

➤ Public Works Department

- \$ 60,000 – KM8000T 4-Ton Asphalt Hotbox Trailer (ERF)
- \$ 20,000 – PJ Low-Pro High Side Dump Trailer (ERF)
- \$ 8,000 – Multi-Quip Tow Behind Cement Mixer (General Fund)
- \$ 23,100 – Computer and Software for the Sewer Camera Truck (Sewer Operating Fund)
- \$ 10,000 – Fire Alarm Control Panel for Server Room/Youth Center (General Fund)
- \$ 65,000 – Towable Boom Lift (General Fund)
- \$ 20,000 – One 3-Ton Backup AC Split System for Server Room (General Fund)
- \$120,000 – Two 23-Ton Condensing Units on Fire Station 1 (2021 LRB Fund)
- \$ 4,500 – Micro Floor Scrubber (General Fund)

➤ Community Development Department

- \$ 5,000 – Enclose Area for Conference Room (General Fund)

Fiscal Year 2023–24 Operating Appropriations

Table 4 Budget Allocations by Department

	Personnel Services	Services Supplies	Capital Outlay	Total	Change From Prior Year	Prior Year
City Council	\$ 162,744	\$ 300,855	\$ -	\$ 463,599	\$ (1,116)	\$ 464,715
City Manager	2,298,375	3,936,528	453,000	6,687,903	506,799	\$ 6,181,104
Administrative Services	605,848	735,940	-	1,341,788	(267,617)	\$ 1,609,405
Human Services	3,457,769	922,000	49,150	4,428,919	738,564	\$ 3,690,355
Police	10,710,657	1,428,055	218,400	12,357,112	(226,886)	\$ 12,583,998
Fire	4,815,622	729,745	196,319	5,741,686	(88,810)	\$ 5,830,496
Public Works	3,846,175	6,656,876	210,600	10,713,651	351,265	\$ 10,362,386
Community Development	1,599,403	269,605	5,000	1,874,008	(99,707)	\$ 1,973,715
Economic Development	557,516	362,560	-	920,076	(532,498)	\$ 1,452,574
City Attorney	133,833	250,000	-	383,833	7,597	\$ 376,236
Citywide	1,467,757	1,754,000	-	3,221,757	(1,498,314)	\$ 4,720,071
Community Facility Districts	75,920	143,521	-	219,441	19,951	\$ 199,490
Total Operating Expenditures	\$ 29,731,619	\$ 17,489,685	\$ 1,132,469	\$ 48,353,773	\$ (1,090,772)	\$ 49,444,545
Debt Service	-	-	-	9,422,503	2,514	9,419,989
Total Expenditures	\$ 29,731,619	\$ 17,489,685	\$ 1,132,469	\$ 57,776,276	\$ (1,088,258)	\$ 58,864,534

Fiscal Year 2023–24 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
Gold Line Betterment Reserve Fund	General Operating Fund	Establish Fund	\$ 1,250,000
Street Maint Reserve Fund	General Operating Fund	Establish Fund	\$ 1,250,000
Homelessness Advocacy/ Housing/Outreach Assistance Reserve Fund	General Operating Fund	Establish Fund	\$ 500,000
Economic Development Assets Fund	General Operating Fund	Provide Funding	\$ 785,229
		Total Transfers	<u>\$ 3,885,229</u>

Fiscal Year 2023–24

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:
 - \$1,250,000 to the proposed Gold Line Betterment Fund.
 - \$1,125,000 to the proposed Street Maintenance Fund.
 - \$ 500,000 to the proposed Homelessness Advocacy/Housing/Outreach Assistance Fund.

- ❑ The Preliminary Operating Budget recommends the following transfers out from the General Fund Operating Budget to the Fund indicated below:
 - \$785,229 to the Economic Development Asset Fund.

Fiscal Year 2023-24

GENERAL FUND OPERATING
FUND BALANCE
(Unassigned Reserve)



Fiscal Year 2023–24

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 2023-24	\$8,000,000	\$35,641,007	22.45%
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 2023–24

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, 2024 General Operating Fund's Fund Balance estimate of approximately \$8 million (22.45%) nears the threshold target of 25% of operating appropriations.
 - Based on total reserve assets, including \$30,688,706 in Special Purpose Reserve Funds, the total Operating Reserve Ratio (Unassigned and Assigned) is approximately 109%.

Fiscal Year 2023–24

General Fund Operating Fund Unassigned Reserve Balance Continued

- ❑ Over the past seven fiscal years the Reserve Ratio has fluctuated with a low of 20 percent and a high of 24.95 percent. These fluctuations are generally the result of the following:
 - A difference in Operating Appropriations between consecutive years.
 - Adjustments to the City’s revenue profile.
 - 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.
 - Establishing additional Special Purpose Reserve Funds to reflect changing requirements related to City operations.
 - 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 2023-24

MAINTAINING GENERAL FUND'S
FUND BALANCE AND RESERVES



Fiscal Year 2023–24

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 2023–24

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 2023-24

PERSONNEL SERVICES



Fiscal Year 2023–24 Personnel Services

□ Personnel Services:

- 208 Full-Time Positions.
 - 207.66 assigned to General Fund/Sewer Fund/Gas Tax/Grants
 - 0.34 Montclair Successor Redevelopment Agency
- 2 part-time benefitted positions.

Fiscal Year 2023–24 Personnel Services

- The City’s Fiscal Year 2023–24 Proposed Operating Budget incorporates the following personnel–related reclassification/addition:
 - *Deputy Fire Chief to Fire Chief.* The wage and benefit–related cost adjustment at Step “E” is approximately \$77,323 annually at the current rate of pay and benefits.*
 - *Medic Squad Reactivation.* The wage and benefit–related cost adjustment at Step “E” is approximately \$609,310 annually at the current rate of pay and benefits.*

Medic Squad 151 has been evaluated by the City’s Equipment Maintenance Manager and he has determined that it is in operable condition and does not require replacement at this time. However, funding has been included in the Fiscal Year 2023-24 Budget for improvements to and equipment for Medic Squad 151.

Deputy Fire Chief Pohl will obtain costing information related to replacement of Medic Squad 151 as a future acquisition.

*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 2023–24

BUILDING A BETTER MONTCLAIR



Fiscal Year 2023–24

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;
 - Promote and achieve strategic objectives as established by the City Council;
 - Promote commercial and residential development throughout the City;
 - Establish an effective grants program to secure state, federal and county grants for a variety of physical and economic improvements for the community;
 - Promote extension of the light rail transit to, and development of, the Montclair Transcenter;
 - Develop solutions to community issues, including homelessness and affordable housing;
 - Address long-term issues requiring dedicated funding for specific purposes-e.g., pension liabilities, bond obligations, infrastructure improvements and capital requirements;
 - Promote and enhance community service and public safety programs;
 - Produce revenue for employee working condition enhancements;
 - Address state and federal legislative priorities that affect organizational operations; and
 - Address City Council–directed priorities and objectives.

Fiscal Year 2023–24

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 \$11.07 million in Fiscal Year 2023–24
 - 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 2023–24

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.
 - 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.
 - Based on the polling data, the City Council approved placing two measures on the November 8, 2022 General Municipal Election Ballot.

Fiscal Year 2023–24

Building a Better Montclair

- Consider Implementation of a Proposition 64 Commercial Cannabis Compliance Program — continued
 - Measure R, enacting a general business license tax on cannabis businesses, was approved by voters on November 8, 2022, with approximately 70.22 percent approval.
 - Advisory Measure II, establishing that Cannabis business may only be permitted by future City Council ordinance, state or federal law requirements, or by a future binding measure approved by Montclair voters, passed by 51.91 percent of the vote.
 - City staff are now in the process of redrafting the “*Medicinal and Adult-Use Cannabis Regulation and Safety Law of the City of Montclair*” for presentation to the City Council in Fiscal Year 2023-24.

Fiscal Year 2023–24

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”;
 - 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 2023–24

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;
 - Marlowe, consisting of 302 units;
 - Montclair Place, consisting of 606 units;
 - Main Event Entertainment;
 - Panera Bread;
 - Arrow Highway and Fremont Avenue Street Improvements; and
 - NMDSP/Montclair Place District Street Design and Engineering.

Fiscal Year 2023–24

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
 - City staff continue 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 \$32+ 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 an estimated \$5 million negative value for the Caltrans–owned property.

Fiscal Year 2023–24

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, City staff 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.
 - In January 2023, City staff submitted to the office of Assemblymember Freddie Rodriguez a request to author a bill that would declare the Montclair Transcenter as surplus property, and authorize it’s transfer to Montclair.
 - In July-August 2023, City staff will present to the City Council an agreement to engage Moule & Polyzoides to develop a Master Site Plan for the Montclair Transcenter.

Fiscal Year 2023–24

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, Council Member 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 \$750 million.
 - The Los Angeles Metropolitan Authority, Construction Authority, state legislative leaders, and the cities of Claremont and Montclair are working to secure the necessary funding to complete the extension to the Montclair Transcenter.
 - Once funding is established, the Construction Authority will begin a procurement process to either retain the existing contractor or request new bids.

Fiscal Year 2023–24

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 2023–24

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; and
 - Phase One Mixed-Use Project – CIM Group: featuring 606 units in six to eight-story building configurations reflecting six architectural styles, with podium parking.

Fiscal Year 2023–24

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
 - In the Fiscal Year 2023–24 Proposed Operating Budget the Economic Development Assets Fund (EDAF) retains a balance of \$5,623,917 after a proposed transfer in of \$785,229.
 - The purpose of the EDAF is to provide and enhance funding within the Economic Development Agency (EDA) for real property acquisition, affordable housing development, homeless assistance, and economic development activities.
 - 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.
 - The EDA has assumed the role of the former RDA in the promotion of economic development activity in the City and the pursuit of funding to develop affordable housing in the community.

Fiscal Year 2023–24

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 function as an economic development tool designed to spur economic development and job creation in distressed communities.
 - The purpose of the EDA establishing an Opportunity Zone program is to generate economic development activity in targeted and distressed geographical areas of Montclair.
 - 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.
 - The City Manager has conditioned this effort with the need for San Bernardino County to restore to the City the approximately \$2 million property tax increment share of the former Montclair RDA transferred to the County annually.

Fiscal Year 2023–24

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
 - Inclusionary Housing Ordinance
 - The EDA will have oversight responsibility for the City’s Inclusionary Housing Ordinance (IHO).
 - The EDA is currently redrafting the City’s existing IHO and will present for City Council consideration during the third or fourth quarter of 2023.
 - In-lieu fees derived from Inclusionary Housing fees paid by developers, and any IHO real property assets transferred to the City by developers, will be retained by the EDA for development of affordable housing projects.

Fiscal Year 2023–24

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 2023–24

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 Bernardino Council of Governments Housing Trust Fund
 - In 2022, the San Bernardino county council of Governments (COG) initiated the process of exploring opportunities for establishing a County administered Housing Trust Fund.
 - To date, the COG has prepared a Strategic Plan and a White Paper outlining the operational aspects of the Trust Fund.
 - The COG projects that it will take approximately four to five years for the Trust Fund to secure sufficient grant dollars to achieve administrative benefit for member agencies.
 - Based on population, the membership cost for Montclair is projected to be approximately \$30,000 annually.

Fiscal Year 2023–24

Building a Better Montclair

➤ Addressing Homelessness

- Homelessness remains a serious issue in Montclair, the region, and throughout California.
- The EDA, along with the Montclair Code Enforcement Special Operations team, has been tasked to develop grant funding to facilitate development of temporary housing .
- Working collaboratively with the EDA, the City's Code Enforcement Special Operations Unit is engaging with local organizations to promote programs designed to address Montclair's homeless problem.
- The City is also seeking state grants to provide supportive and education wraparound services including substance abuse counseling; case management; medical and mental health services; and transition services for more permanent housing.
- Montclair will also engage with the San Bernardino County Department of Public Health implementing Governor Newsome's CARE Court concept, outlined in the Governor's 2022 May Budget Revise.

Fiscal Year 2023–24

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. Other projects are under development and/or are in planning.
 - *Tiki Drive-In/Mission Project.* This site is currently being graded to accommodate a mix of light industrial/manufacturing and logistics support in a “campus” environment.
 - *Holt and Mission Boulevard Corridors.* The City Manager and Economic Development Agency Director have worked with Congresswoman Norma Torres to develop federal assistance to enhance the Holt and Mission Boulevard corridors through Pomona, Montclair and Ontario. The effort is designed to improve the appearance of the boulevards, promote business, and industry and housing development.

Fiscal Year 2023–24

Building a Better Montclair

- Promote Housing and Commercial and Industrial Development Projects throughout the Montclair Community— continued
 - *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.

When completed, the entire length of the San Antonio Creek Trail will provide new connections between neighborhoods and to parks, recreation centers, schools, transit areas, job centers, and other community destinations.

- Montclair was awarded approximately \$4.2 million in funding by the California Department of Transportation for a pilot phase for this project.

Fiscal Year 2023–24

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. Projects currently underway include the following:

- *Parks Master Plan.* In April 2022, the City Council approved the award of a contract for development of a Parks Master Plan. The plan has been received by the City Council. L.D. King Engineering is currently completing design for improving the facilities at Saratoga Park—the City’s premier sports park.

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.

- *Reeder Ranch Park.* Construction on the Reeder Ranch Park is currently underway. 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. A portion of the Reeder Ranch Park construction will be offset by use of 2021 Lease Revenue Bonds.

Fiscal Year 2023–24

Building a Better Montclair

➤ 2021 Issue of Lease Revenue Bonds – continued

- *Flashing Stop Sign Replacement Program.* The City Council has demonstrated a commitment to the Safe Routes to School 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.

An estimated 433 stop signs are installed throughout the City. Replacing each stop sign would cost approximately \$779,400, not including installation.

An analysis of GIS mapping data indicates that approximately 250 stop sign locations warrant an upgrade to the flashing stop sign configuration at a cost of approximately \$450,000 with installation costing approximately \$100,000.

Installation of the flashing stop signs is now in progress.

Fiscal Year 2023-24

General Fund
Special Purpose Funds



Fiscal Year 2023–24

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 \$3,500,000 for CalPERS and Post Employment Liabilities.
 - **Technology Account.**
 - Retains \$700,000 for technology acquisitions.
 - **Self-Insurance Fund.**
 - Retains \$1,600,000 for City-related self-insurance retention liabilities.
 - **Building Maintenance Fund.**
 - Retains \$2,000,000 for building maintenance.

Fiscal Year 2023–24 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 \$2,668,000 for equipment acquisitions.
 - Reflects a reduction of \$332,000 towards FY 2023–24 Capital Outlay purchases.
 - **OPEB/Retiree Medical Liability.**
 - Retains \$2,000,000 for Other Post Employment Benefits (OPEB).

Fiscal Year 2023–24

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.
 - **UAL/POB Amortization Service Fund.**
 - Retains \$3,100,000 for unanticipated UAL charges.
 - **Parking Facility Development.**
 - Retains \$9,588,706 for parking facility development.
 - **Inflation/Recession Control Expenditure Fund.**
 - Retains \$1,000,000 for unanticipated cost increases.

Fiscal Year 2023-24

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
 - Gold Line Betterment Fund.
 - Retains \$1,250,000 for aesthetic improvements to the Goldline.
 - Street Maintenance Fund.
 - Retains \$1,250,000 for street maintenance.
 - Homelessness Advocacy/Housing/Outreach Assistance Fund.
 - Retains \$500,000 for homelessness aide.
- *TOTAL ESTIMATED ALL SPECIAL PURPOSE FUNDS: \$30,688,706**
(After proposed Equipment Replacement Fund uses)

Fiscal Year 2023–24

2014 Issue of Lease Revenue Bonds

Payment Period

Fiscal Year 2014 to 2045



Fiscal Year 2023–24

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: approximately \$2.6 million through FY 2044–45
 - Funding Source for annual debt service:
 - General Fund Revenue—\$2,587,763

Fiscal Year 2023–24

2021 Issue of Lease Revenue Bonds
Payment Period
Fiscal Year 2022 to 2051



Fiscal Year 2023–24

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—\$2,397,413

Fiscal Year 2023-24

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—\$4,437,327

Fiscal Year 2023-24

Proposed Budget
Conclusion



Fiscal Year 2023–24 Conclusion

□ Fiscal Year 2023–24 General Fund Operating Budget:

➤ Successful and balanced budget.

- Utilizes a number of funds and strategies to achieve balance and respond to a number of community and organizational needs.
- 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 2023–24 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 – \$2,397,413; and
- The 2021 Issue of Pension Obligation Bonds Debt Service Fund – \$4,437,327.

Fiscal Year 2023–24 Conclusion

- ❑ Fiscal Year 2023–24 General Fund Operating Budget:
 - The Fiscal Year 2023–24 Budget, as proposed also incorporates the allocation of funds for the following three funds introduced for consideration:
 - Gold Line Betterment Fund – \$1,250,000;
 - Street Maintenance Fund – \$1,250,000; and
 - Homelessness Advocacy/Housing/Outreach Assistance Fund – \$500,000.
 - For Fiscal Year 2023–24, each City department was provided greater flexibility in the preparation of their respective budget programs. Minimal adjustments were, however, made based on historical data, expenditure details, actual and projected needs, and available funding.

Fiscal Year 2023–24

Conclusion

□ Fiscal Year 2023–24 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 2023–24
Proposed Budget Review
Presentation

Questions & Answers

Montclair Housing Corporation

Proposed Budget
Fiscal Year 2023–24



Montclair Housing Corporation Fiscal Year 2023–24 Sources and Uses—Estimated Revenue

- List of Montclair Housing Corporation Properties:
 - Contained in Montclair Housing Corporation Budget.
 - Estimated Fund Balance, July 1, 2023:
 - \$2,074,924
 - Estimated Revenue:
 - Rental Income: \$975,000
 - Interest Income: \$18,000
 - TOTAL: \$3,067,294
 - 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 2023–24

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	\$ 2,088,894
Unassigned Fund Balance	\$ 0
ESTIMATED FUND BALANCE JUNE 30, 2023:	\$2,074,294
ESTIMATED FUND BALANCE JUNE 30, 2024:	\$2,088,894



End of
Fiscal Year 2023–24
Montclair Housing Corporation
Budget Review Presentation

Questions & Answers