Fiscal Accountability and Investment Committee 1st Fiscal Quarter Meeting FY 2021-22

September 15, 2021

Michael Solorza, Director of Finance

Agenda

* Committee responsibilities
* FY 2021-22 Budget Overview
* Measure H Sales Tax
* Cash Balances Overview
* American Rescue Plan Act Overview
* Conclusion/Q&A

Committee Overview/Charge

Committee Members

* Susy Contreras (Peralta)
* Priscilla Del Rio (Cobos-Cawthorne)
* Elias Rangel (Torres)
* Brissa Sotelo (Melendez)
* Rosie Vasquez (Jimenez)
* Two Vacancies (at-large appointments, City Council majority)
* Rafael Gutierrez, City Treasurer
* Michael Solorza, Director of Finance

Committee Charge

- ***19. FISCAL ACCOUNTABILITY AND INVESTMENT COMMITTEE***

The City Council will appoint a Fiscal Accountability and Investment Committee composed of seven (7) City of Montebello residents, with the City Treasurer and Director of Finance (or his/her designee) serving as ex officio members.

Each City Councilmember will appoint one person to the committee, making up five (5) of the seven (7) total members. The terms of Committee members chosen in this manner will coincide with that of the appointing City Councilmember or at such time the appointing City Councilmember makes a subsequent appointment.

The additional two (2) members will be appointed by majority vote of the entire City Council. The terms of Committee members chosen in this manner will be four (4) years with the term commencing on the date the appointment is approved by a majority of the City Council and ending four (4) years from that date or at such time a majority of City Councilmembers make a subsequent appointment.

All members, regardless of the method of appointment, may serve multiple, consecutive terms.

The committee will meet at a minimum quarterly to review, monitor and make recommendations with respect to the City's investment program, as well as meet the requirements of the Measure H Transaction and Use Tax Ordinance, Section 19, Accountability which requires an annual review of the expenditure of the proceeds of Measure H. A registered investment advisor may be appointed by the City Council to serve as advisor to the Committee and the City Council.

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Fiscal Year 2021-22 Budget Overview

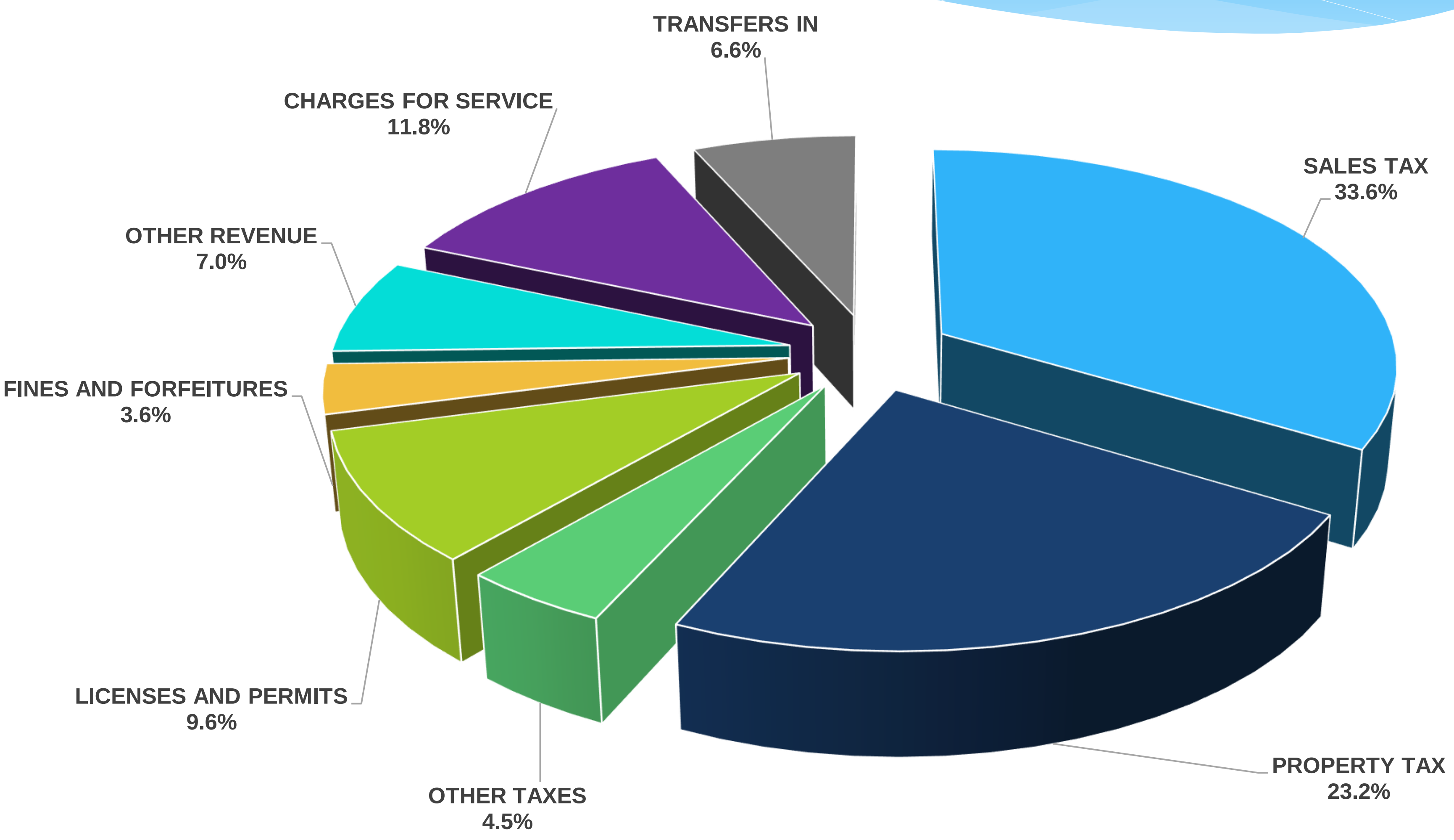
And

Measure H Sales Tax Revenue

Fiscal Year 2021-22
General Fund Budget

General Fund Expenditures	$	61,408,690
General Fund Revenue	$	61,719,150
Surplus / (Deficit)	**$**	**310,460**

Sources of Revenue



Sales Tax Detail

	2019-20 Adopted Budget	2019-20 Actual	2020-21 Adopted Budget	FY 20-21 Forecast	FY 2021-22 ADOPTED
Bradley Burns Sales Tax	12,196,732	11,616,417	11,270,000	12,000,000	12,470,000
Sales Tax-Monterey Park Martketplace	950,000	1,201,467	971,000	1,100,000	1,125,000
Sales Tax-Measure H	0	0	6,000,000	**6,800,000**	7,170,000
	13,146,732	12,817,884	18,241,000	19,900,000	20,765,000

Updated as of August 30, 2021…

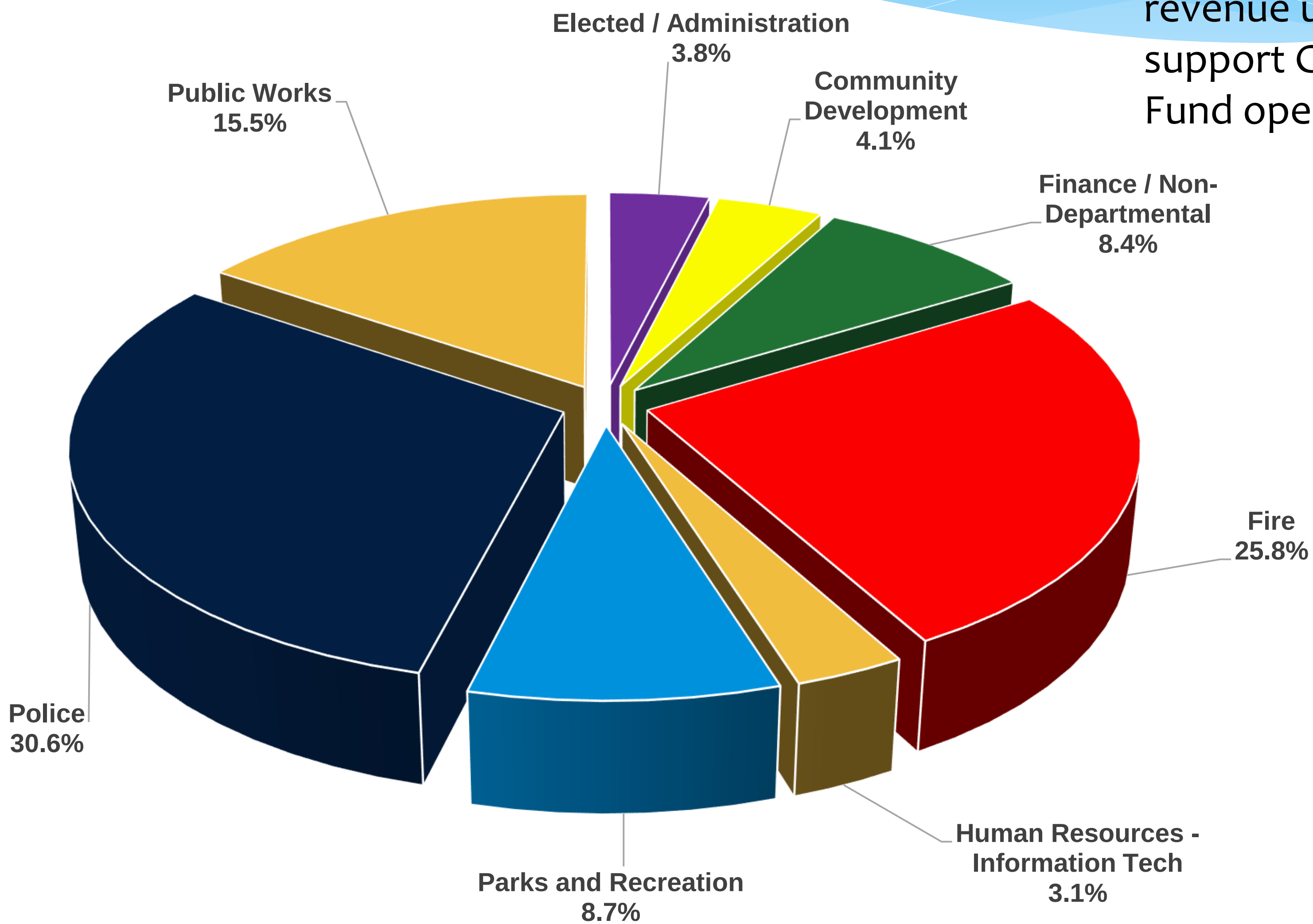
Updated Sales Tax Detail

	2019-20 Adopted Budget	2019-20 Actual	2020-21 Adopted Budget	FY 20-21 Forecast	FY 2021-22 ADOPTED
Bradley Burns Sales Tax	12,196,732	11,616,417	11,270,000	12,000,000	12,470,000
Sales Tax-Monterey Park Martketplace	950,000	1,201,467	971,000	1,100,000	1,125,000
Sales Tax-Measure H	0	0	6,000,000	**7,698,600**	7,170,000
	13,146,732	12,817,884	18,241,000	19,900,000	20,765,000

Updated as of August 30, 2021…

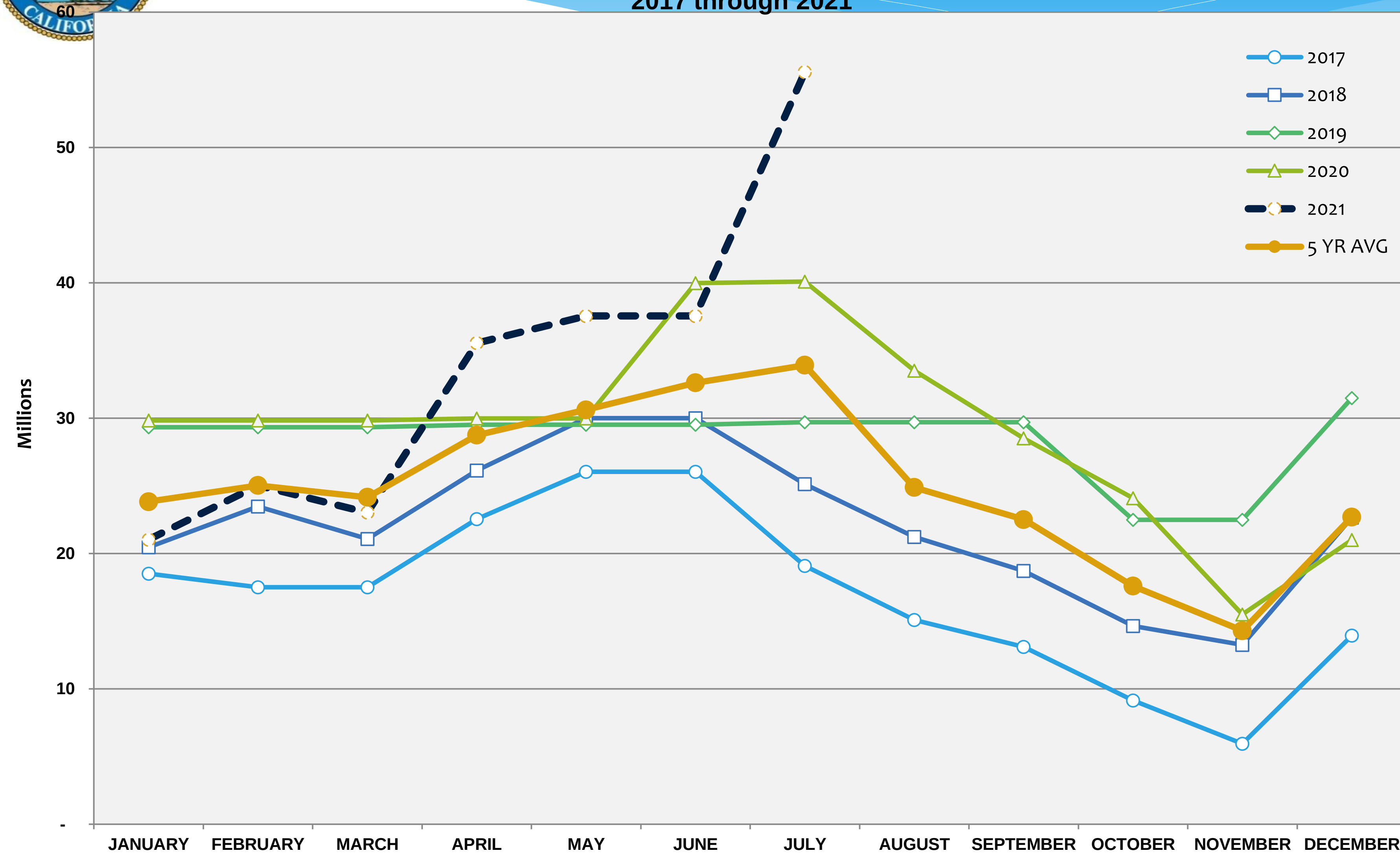
Expenditures by Function

General Fund revenue used to support General Fund operations…

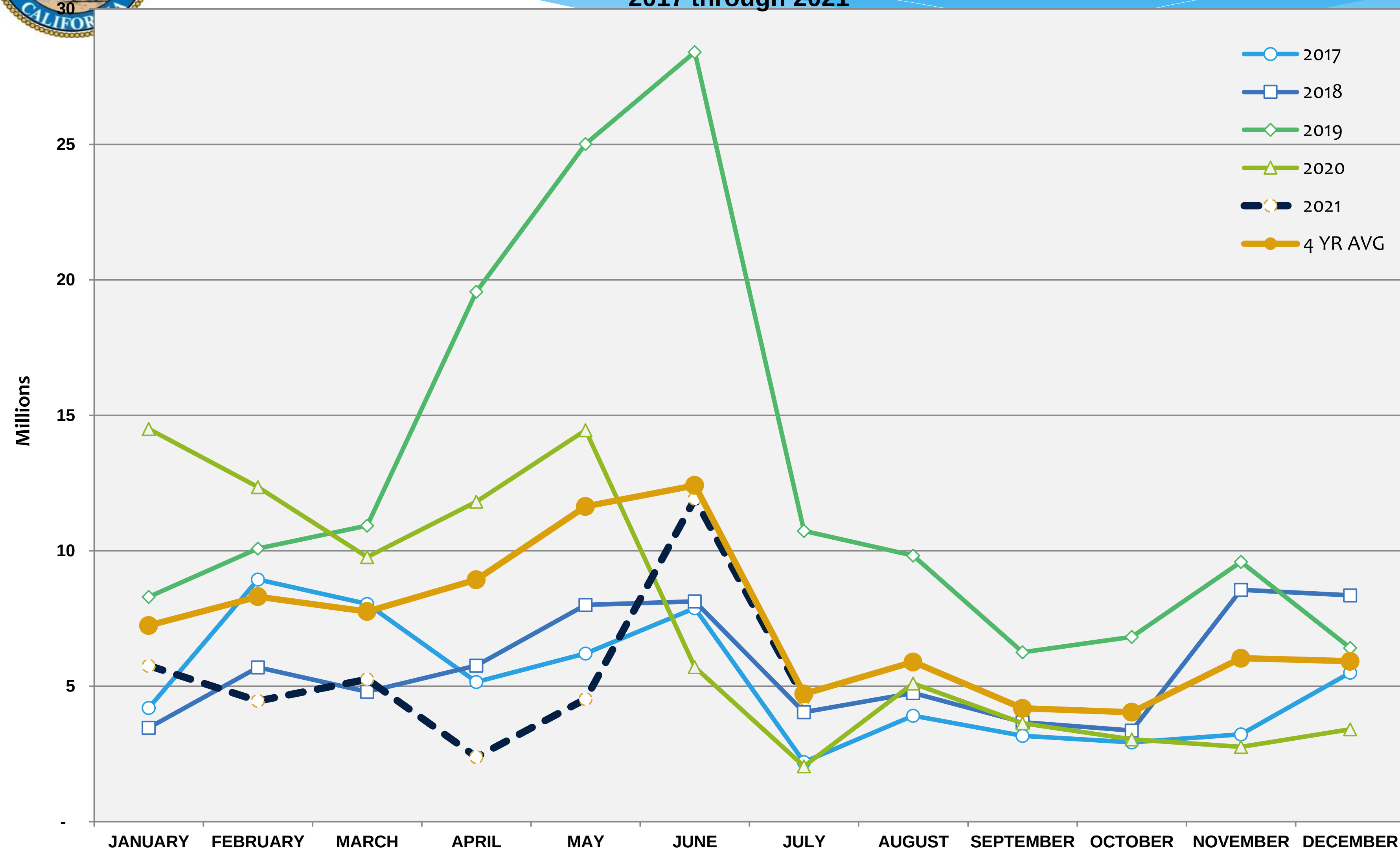


Cash Balances Overview

Monthly Local Agency Investment Fund (LAIF) Balances, General Account 2017 through 2021



Bank of the West General Checking
Monthly Balances
2017 through 2021



American Rescue Plan Act Overview

ARPA Summary of Funds

A look at the various buckets of funding within the ARPA.

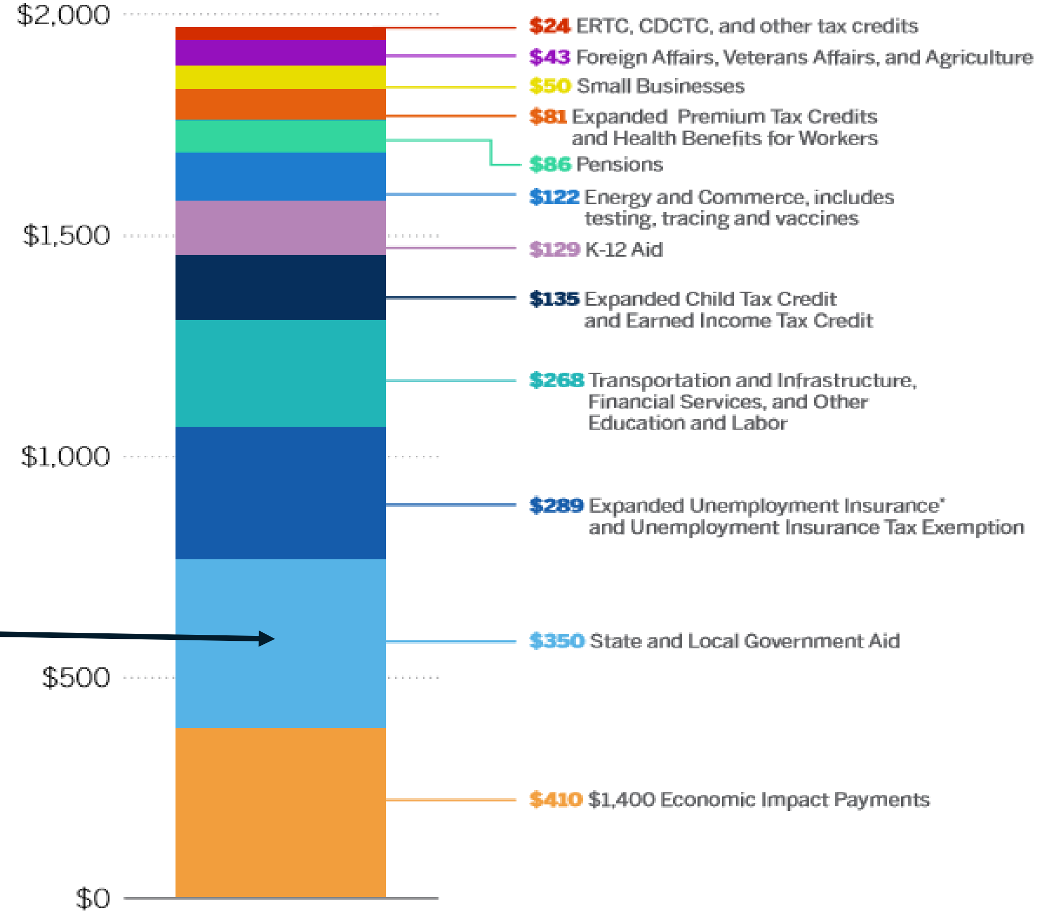
Topline summary of relief in Billions of Dollars

$350 billion in direct aid to Local Governments

Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Montebello Receiving $16.59 Million

Note: *Subject to change pending estimate of Senate version of unemployment insurance expansion. Source: Joint Committee on Taxation and Committee for a Responsible Federal Budget



CSLFRF Eligible Use Categories

A. Respond to the public health emergency: assistance to households, small businesses, and nonprofits, or to provide aid to impacted businesses such as tourism, travel or hospitality
B. Respond to workers performing essential work during the public health emergency by providing premium pay
C. Provision of government services to the extent of the reduction in revenue ("revenue loss") due to COVID-19
D. Make necessary investments in water, sewer or broadband infrastructure

Loss Calculation for Montebello

Counterfactual Revenue = Base Year Revenue X [(1 + Growth Adjustment)^(n/12)]

$111,574,402 X [(**1 + .077**)^(18/12)] = $124,689,036

Actual General Revenue January 1 – December 31, 2020 = $104,164,967

Revenue Loss = $124,689,036 - $104,164,967 = **$20,524,069***

**Revenue Loss as calculated as of December 31, 2020*

What Does This Mean?

$124,689,036 - $104,164,967 = $20,524,069*

- *Calculated revenue loss greater than City's CSLFRF award of $16.59 million
- Provides the ability to spend ***entire*** CSLFRF amount under "Category C:"
  - Maintenance or pay-go funding of building infrastructure
  - Modernization of cybersecurity (i.e., hardware, software, and protection of critical infrastructure)
  - Provision of police, fire and other public safety services

Prior Discussions of ARPA Funding

- Staff has presented ARPA reviews/discussion of eligible and recommended uses on numerous dates:

- March 31: Budget Study Session
- May 26: Budget Overview #1
- June 6: Budget Overview #2
- June 23: Budget Adoption
- September 1: ARPA/CSLFRF Study Session

Estimated Unmet and Unfunded Needs*

	FY 21-22	FY 22-23	FY 23-24
Public Works	15,000,000	15,000,000	15,000,000
Information Technology	1,623,000	1,623,000	2,123,000
Fire	3,240,300	2,492,000	1,398,000
Police	3,242,000	1,605,000	1,495,000
Parks and Recreation	2,725,000	2,720,000	4,217,000
	25,830,300	**23,440,000**	**24,233,000**

**As first presented at March 31, 2021 Budget Study Session, initial discussion of possible uses of ARPA/CSLFRF revenue*

Information Technology Network Backbone Project

Information Technology Infrastructure Upgrade - Backbone Network and Software Project					
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Hardware: Purchased and Support	$ 450,017				
Software: Licensing and Support	$ 1,811,175	$ 84,764	$ 84,764	$ 84,764	$ 84,764
Implementation Services	$ 78,600				
Post-Implementation Management	$ 284,680	$ 284,680	$ 284,680	$ 284,680	$ 284,680
	$ 2,624,472	$ 369,444	$ 369,444	$ 369,444	$ 369,444

Total Estimated 5 year project cost: $4,102,248

Information Technology Productivity Upgrades

Productivity Software Upgrades - Post-Backbone Upgrade					
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Voice Over Internet (VOIP)		$ 146,000	$ 146,000	$ 146,000	$ 146,000
Microsoft 365		$ 121,380	$ 85,680	$ 85,680	$ 85,680
Workstation Upgrades		$ 88,560	$ 88,560	$ 88,560	$ 88,560
Planning, Building, GIS		$ 200,000	$ 200,000	$ 200,000	$ 200,000
		$ 555,940	$ 320,240	$ 320,240	$ 320,240

Must complete Backbone Infrastructure upgrades and replacements prior to implementing productivity improvements…

Total 4 year cost: $1,516,660

Vehicle – Fleet Needs

* Extensive (non-Transit) fleet needs: $6.852 million*

Department	Estimated Amount
Fire	$ 4,669,404
Parks and Recreation	$ 441,000
Police	$ 1,741,534
	$ 6,851,938

*Estimated over next three fiscal years (FY 2021-22 – 2023-24)

Sewer Infrastructure Needs

* First step: City Services agreement with LA County
  * Approved @ $600,000 / year (use CSLFRF to fund)
* Next step: County begins video inspection of sewer system
  * 20% of system inspected each year / 5 year program
  * Will have complete picture of needs once completed
* **Immediate known needs:**
  * 48,000 linear feet of cement pipe needing replacement and/or lining (oldest part of system)
  * **Approximately $9.0 - $12.0 million over 3 years**
    * **$3.0 - $4.0 million per year**

Recommendations

- Utilize Category C (Revenue Loss) funding opportunities
  - Critical Information Technology Infrastructure Backbone
  - Critical Software (Productivity) Upgrades
  - Critical Fleet Replacement and Upgrades
  - Critical Sewer Infrastructure Maintenance and Repairs
  - Other community-wide, critical infrastructure repair, replacement and upgrade needs

Conclusion / Q&A

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