



Budget and Fiscal Stability Workshop

Monterey Park is a “Full-Service” City

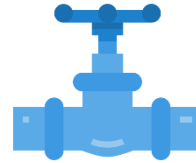
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1 station
110 employees



Waste Hauling/
Recycling



Water
(Stormwater/Sewage/etc)



City Library



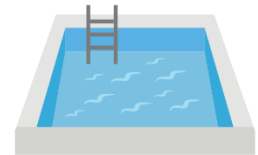
3 stations
62 employees



119 miles
of Streets



14 Parks
100+ acres



Public
Pool

Monterey Park 2024-2025 Strategic Goals

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- **Maintain Public Safety with A Flexible and Enhanced Service Model**
- **Maintain Fiscal Stability of Our City's Financial Resources**
- **Strengthen Our Local Economy and Enhance Housing Opportunities**
- **Maintain, Build and Modernize Infrastructure and Facilities to Support the Current And Future Needs Of Our City And Community**
- **Enhance Access to Resources for Mental Health, Social Services, And Unhoused Needs**
- **Enhance Public Communication and Civic Engagement to Reach All Members of Our Community**

Recent Citywide Accomplishments

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- Resurfaced 21.2 miles of city streets and made various sidewalk repairs
- Replaced water and sewer mains and made improvements to traffic signals and crosswalks
- Awarded over \$8.9 million in grants for City services, programs and capital improvements
- Set up Community Healing Fund and helped open the MPK Hope Resiliency Center
- Enacted new ordinances regulating firearms in the City
- Worked with local school districts and ELAC to encourage civic engagement



Service Needs: Calls for Service

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Demands for emergency services are growing.

On average, each year more than 2,400 calls to 911 in Monterey Park for medical emergencies like heart attacks, strokes, car accidents and others. There was a 10.5% increase in ambulance transports to local hospitals in 2022-23

In 2023, there were more than 2,000 calls for service related to homeless and/or mentally ill individuals.

Last year, there were nearly 50,000 calls for service to the MP Police Department. There were 1,350 robberies, burglaries, and thefts in Monterey Park — including the highest rate of motor vehicle thefts in the last five years.



Service Needs: Calls for Service

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To meet these challenges, the City has:

- Added 2 police officers
- Deployed a new eight officer bike patrol
- Hired 4 new Firefighters in the department and added 1 Battalion Chief

Aging Infrastructure & Repair Needs

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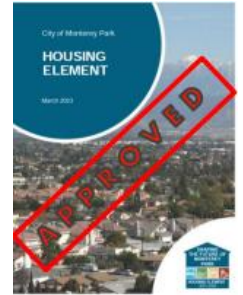
Some City infrastructure is need of repair or modernization.

- Road engineers recently rated the condition of one-third of Monterey Park's streets and roads as just "fair," "poor," or "very poor." Recent investments have improved this rating to "Good" condition citywide.
- City must comply with the Clean Water Act to maintain aging pipes, some of which may be several decades old.
- Many local buildings including fire stations, community centers and neighborhood parks need essential health and safety repairs.

Housing and Economic Development

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- Housing Element Certification – March 2023
- Launched Our City, Our Plan – Downtown Revitalization, Housing Opportunities, and Development Streamlining
- Key Developments:
 - 400 North Atlantic Boulevard (Holiday Inn/Mixed-Use)
 - Pacific Plaza Residential – Now Leasing
 - 126 New Avenue (Whitmore Villas – 63 Condos)
 - 283 East Garvey Avenue – Market under construction
- Approved 41 New Businesses in 2023
 - Restaurants, Veterinary, Pharmacy & more



Fiscal Outlook

The City is monitoring numerous issues that could strain City revenues, including:

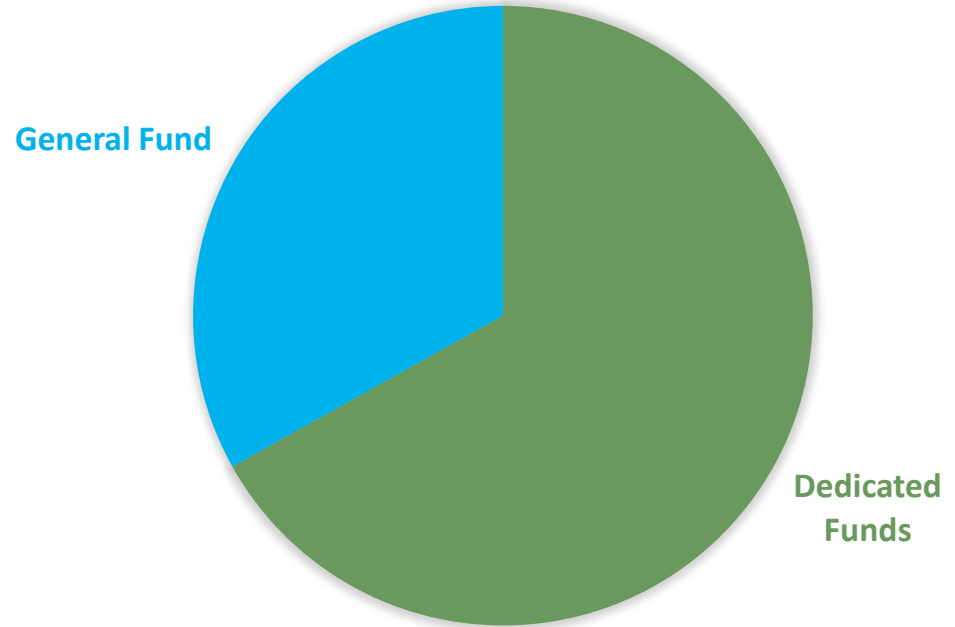
- Global economic pressures
- Rising costs of critical services including public safety, homeless services and materials for infrastructure maintenance/repairs.

What is our City's Budget?

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City operating & capital budget for fiscal year 2023-24 is \$173 million

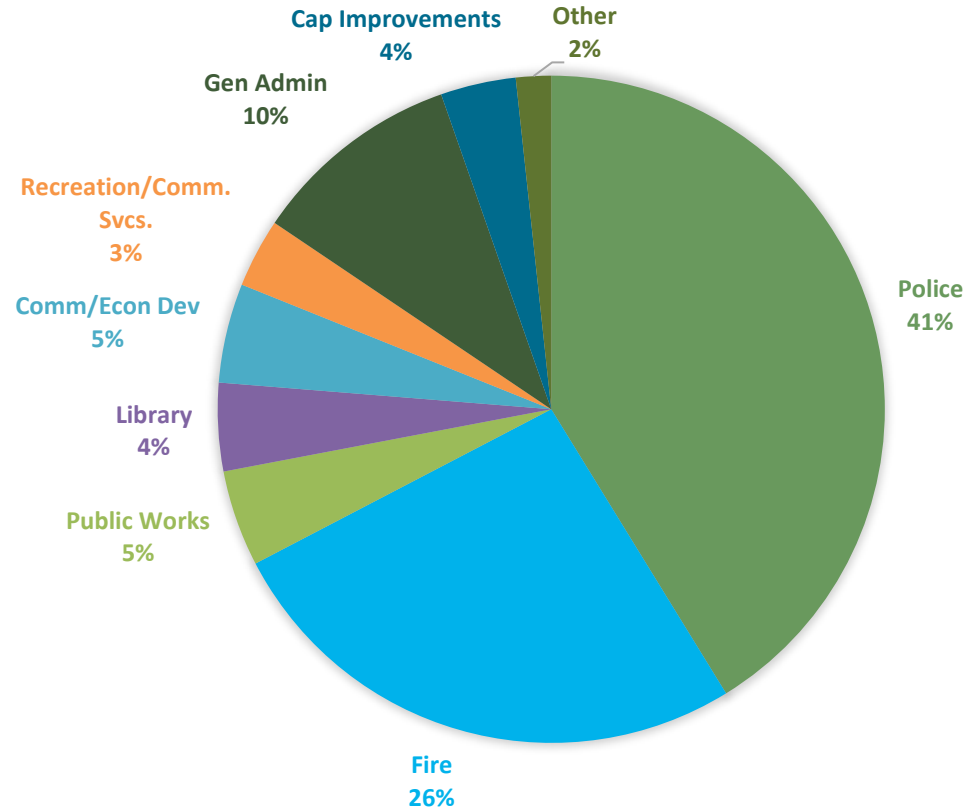
- Nearly 2/3 spent in dedicated funds
- The “General Fund” budget, which funds many core services, is roughly \$61.8 million (36%)



General Fund Investments

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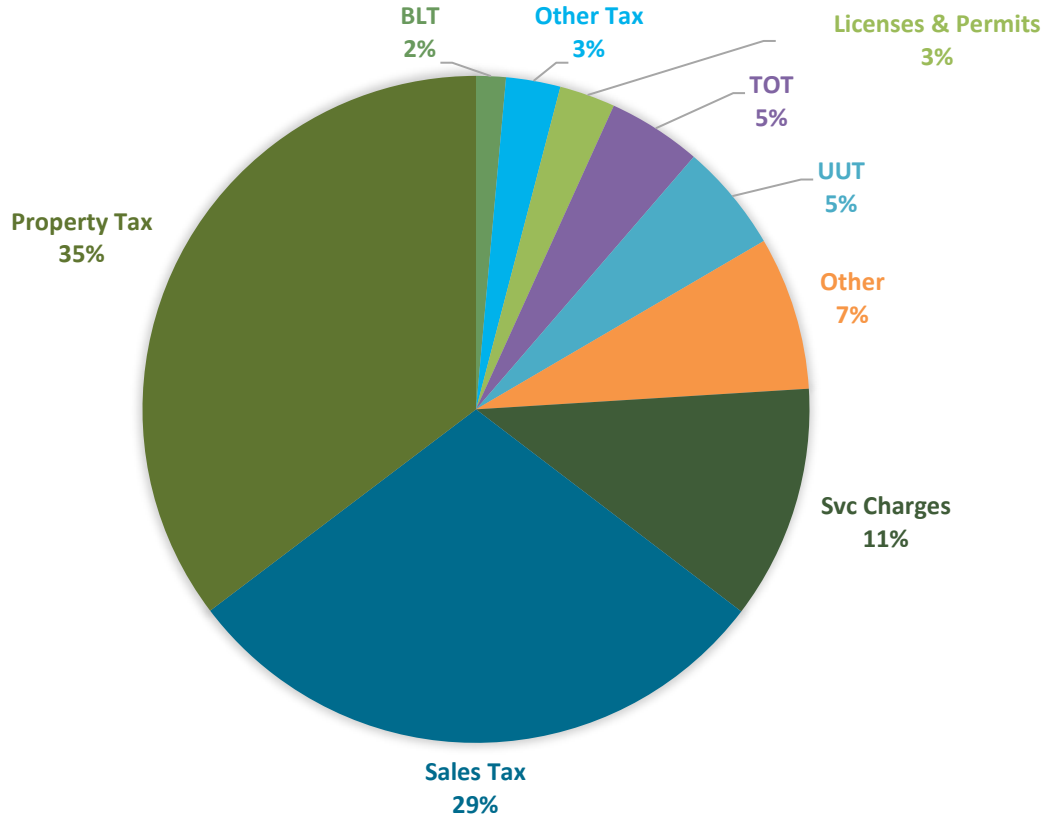
Two-thirds of the General Fund is invested in Public Safety (Police, Fire, Emergency and Medical Response)



What is Our City's Budget?

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Nearly two-thirds of General Fund revenues come from Sales and Property Taxes



Key Revenue Sources

Property Tax: The property tax is an annual levy and is based on the value of land and structures. Property taxes constitute 35% percent of all City own-source revenue.

Sales Tax: On November 8, 2022, voters adopted Measure MP which authorizes a $\frac{3}{4}$ cent transactions and use (sales) tax & is projected to generate \$8 million in FY2023-2024.

Utility User Tax: The City's utility user tax rates are 3% for residential and 5.5% for commercial users. The tax is applied to the consumption of electric, gas, and telephone services.

Key Revenue Sources

Business License Tax (BLT): revenues are projected to increase slightly in FY 2023-2024 as businesses are opened back up and new businesses start to emerge. The City is projecting 4,330 licenses to be issued in the current Fiscal Year.

TOT (hotel/lodging tax): Imposed on the rent of hotels and motels in the City. The current hotel tax rate is 12%, and the City is implementing collection from Air BnB and short term rentals.

Possible Modernization of TOT/BLT

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City is considering modernizing its Business License Tax and/or Transient Occupancy Taxes.

Any funds from revised levies would continue to support the City's Services, including:

- 911 response for police/fire/paramedic,
- Keeping public areas safe and clean,
- Repairing streets and potholes,
- Responding to thefts and burglary of local small businesses,

and any services and infrastructure maintained by the General Fund.

Transient Occupancy Tax (TOT)



Transient Occupancy Tax

The Transient Occupancy Tax (TOT) is applied only to individuals, normally visitors and tourists to our City, staying in Monterey Park hotels. It is used to help fund local services that visitors use when staying in the City.

The TOT is not paid by any local hotel operator, but solely by guests staying at hotels located within Monterey Park, who are normally visitors and not residents.

Transient Occupancy Tax

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- The Current rate in Monterey Park is 12%. This equals the rate in cities including Commerce, Alhambra & San Gabriel.
- Pasadena, Diamond Bar and Artesia charge 14%
- All short-term rental operators (e.g. Air BnB) are required to obtain a permit from the City annually and collect transient occupancy taxes (TOT).

Transient Occupancy Tax

The City Council is considering a measure that would increase the TOT rate by up to 2%.

This would be a **locally-controlled general tax**, with all funds deposited into the City's General Fund for unrestricted general revenue purposes.

- **All revenue would be kept local.**
- TOT revenues would be paid by hotel and other lodging facility guests, **not by Monterey Park residents** who are not typically staying in such lodging facilities.
- City voters would have to approve the proposal via a November Ballot Measure.

Business License Tax (BLT)



Business License Tax

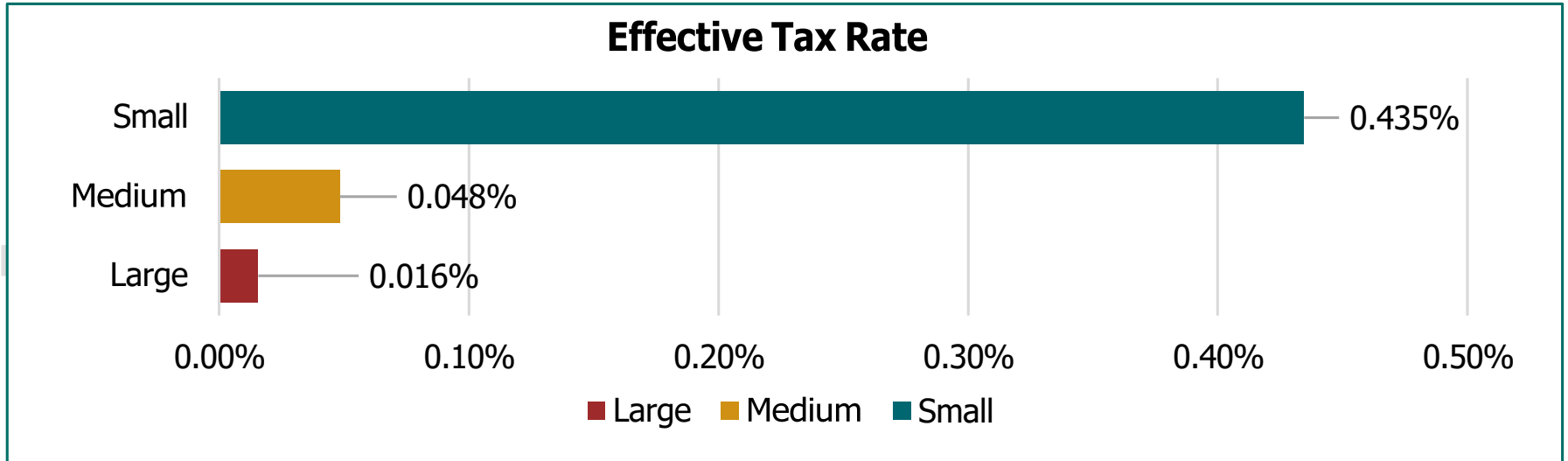
All businesses operating in the City of Monterey Park must pay an annual business license tax to sell goods and services.

- Monterey Park's business license rate has not been reevaluated since **1989**
- The current rate is based on number of employees for most businesses.
- Current analysis suggests the City's current tax code is regressive, in which smaller businesses are paying proportionally more than big businesses.

Business License Tax

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Current Tax Rate As Percent Of Estimated Gross Receipts



How does Monterey Park Compare to Neighbors?

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Sample Business	Monterey Park	Pico Rivera	Carson	Gardena
Restaurant: \$150,000	\$105	\$150	\$190	\$125
Doctors Office: \$2,000,000	\$600	\$5,950	\$760	\$2,100
Big Retailer: \$19,000,000	\$4,185	\$19,000	\$10,450	\$9,550

What Changes Are Being Considered?

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This measure would ensure all businesses pay their fair share toward the services they use. The City is reviewing options with several priorities in mind:

Equity – Ensuring that businesses of various size and across industries are assessed properly.

Fairness – Crafting a system that is fair to Monterey Park businesses and the demands for local services & infrastructure provided and maintained by the City, such as roads, police, and fire services.

Modernization – A structure that reflects changing dynamics in the local/regional economy.

What Changes Are Being Considered?

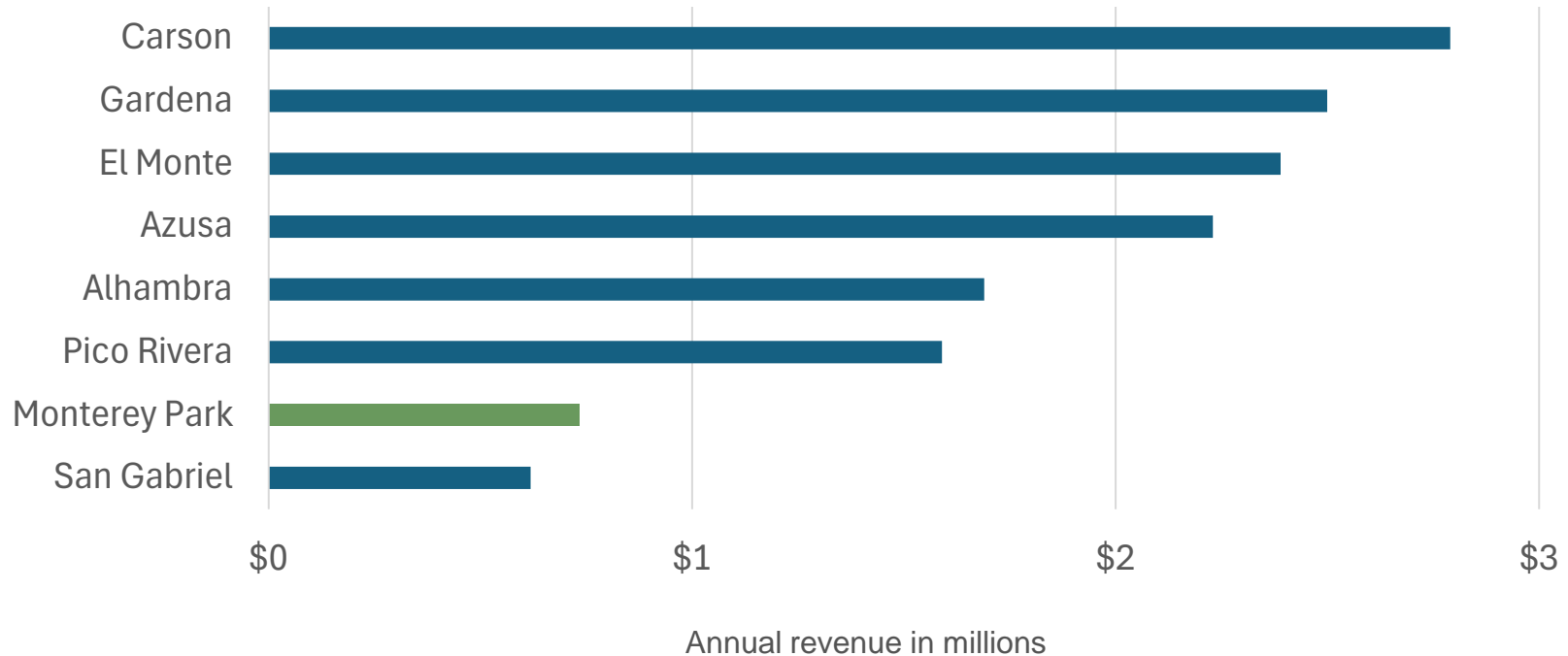
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Business Type/Gross Receipts	Current Rates	Potential New Rates
Restaurant: 3 Employees / \$150,000	\$105	\$75
Doctors Office: 20 Employees / \$2,000,000	\$600	\$1,302.50
Big Retailer: 275 Employees / \$19,000,000	\$4,185	\$13,712.50

Under these proposed scenarios, nearly 70% of all businesses making less than \$1 million per year would see no change or a decrease.

How does Monterey Park Compare to Neighbors?

Total Annual Business Licenses Tax Revenue



What's Next?

Community Feedback Process: Spring 2024

No Measure Can Be Implemented Without:

- 1) Super Majority Vote of the City Council to Place Measure on Ballot
- 2) Majority (50+1) Approval of Monterey Park Voters

Questions?

