

The City of Montebello – Road to Recovery, Kosmont Management Report states City is on an Improved Path

MONTEBELLO, Calif., Nov. 1, 2011 (SEND2PRESS NEWSWIRE) – The City of Montebello announces an improved path. As Americans, we are all in this together. Our country has gone through the worst recession since the tumultuous years of the Great Depression. Thousands of cities across the nation are in financial turmoil. Economic analysis shows continued stagnation over these next few years, making it more difficult for communities to propel themselves forward. We ask ourselves, “How do we put the past behind us and build for our future?”

First, cities will need to work with their residents to develop a process for receiving input on ways to create a better and more prosperous community. A primary example of this is Montebello, a city that is moving forward with a financial plan that is taking itself back to the thriving city Montebello once was.

Two events last week proved Montebello’s Financial Recovery Plan is on its way to restore, create, and improve comprehensive services and public amenities, and to provide the City’s deserving residents with an even higher quality of life. Moody’s, the financial rating company, has upgraded the City’s credit rating and the California State Department of Finance approved Montebello’s appeal that results in a \$1.25 million reduction in the amount the City would have to pay to retain its redevelopment agency. Both actions demonstrate that the City of Montebello continues to stabilize itself.

Montebello will continue to put the vital services of our community first by protecting and maintaining the full service of police and fire safety. Because public safety remains our top priority, no cuts to police or fire have been made, ensuring the continued protection of our residential neighborhoods and business districts. Montebello’s public safety services have continued relatively seamlessly through the recession and crime is down 26% year-to-date – a proud achievement compared to other cities in our region.

City Achieves Good Credit Rating from Moody’s:

A bigger and better economy also lies for Montebello. Our City is not going bankrupt and our cash flow continues to get stronger each month. Montebello’s economy is on the rise. Moody’s, the credit agency, recently assigned the City of Montebello with an investment grade credit rating of MIG 2, showing that the City’s current finances are stabilizing. Our Financial Recovery Plan underscores the City’s commitment to honor all debt, which will encourage our financial ratings to climb even higher. Montebello residents can be assured that our community is heading in the right direction as we continue to balance our budget and restore financial reserves.

State Department of Finance Approves Montebello's Appeal – \$1.24 million benefit in 2011:

While all cities are waiting for the State Supreme Court to make a final decision on how redevelopment will be practiced, the City of Montebello moved quickly and successfully to save the Agency millions of dollars. Last week, Montebello received great news. The State Department of Finance approved Montebello's appeal to lower the annual tax increment payment to the state. This means more redevelopment funds for Montebello's economic development projects.

Redevelopment is an essential investment approach to create a new and improved Montebello; it will create jobs and expand business opportunities, provide housing for families in need, help reduce crime, improve infrastructure and public works, and clean up environmentally-threatened and rundown areas. As Montebello anxiously awaits the State Supreme Court ruling on the attempt by Sacramento to cripple the use of redevelopment funds by local governments, we remain hopeful that the State Supreme Court sees redevelopment as a primary tool for community and economic development. This will allow our city to continue to improve.

Kosmont Management Report Preview – Interim City Administrator Contract:

Since May 12 of this year, the Kosmont Team began its six month commitment, working to turn Montebello's finances around. Next week, as the existing agreement comes to close, Kosmont will present their Management Summary to the City Council and the community. The following is a preview of the results:

What has worked?

- * Montebello City Council adopted a Five-Year Financial Recovery Plan
- * Approved balanced 2011/12 budget (with \$1 million surplus)
- * Adopted Guiding Financial Principles
- * Retained firm to assist in the pursuit of grant opportunities
- * Corrected inappropriate past practices and are implementing new procedures
- * Continued execution on "Buckets of Opportunity":
 - Updates to user fees and charges approved by City Council in June
 - Opened discussions with Costco on lease renewal and/or purchase options
 - Negotiation of a two-year extension of oil extraction levy
 - Economic Development projects list created, consultant panel selected.

What needs to be done?

The way back to full recovery is a long road and will not happen overnight. Montebello must:

- * Continue balanced City budgets with reserves
- * Proactively manage City cash flow
- * Competitively bid all major contracts and service agreements
- * Meet State Redevelopment reporting requirements per Controller audit
- * Upgrade Montebello's financial systems.

Audits, Audits, and More Audits – The Past is not the Future:

Based on Montebello's financial past, it seems like every federal and state agency has audited the City. The State Controller alone has done three audits with one more to go!

Although these audits put a focus on past finances, Montebello's diligent responses illustrate that the City is turning the corner and that we must continue to work through these audits to rid our community from the impacts of poor decisions made in the past. The City has been responsive and continues to work with the agencies in a cooperative manner. Montebello is pursuing better controls and practices to account for public finances. The new financial system will help ensure that the City's resources are most effectively utilized to change our community for the better and to move Montebello forward to a brighter future.

As the City moves forward on hiring a permanent city administrator, I am confident that if Montebello continues to head in this new direction outlined above, the City will be stronger than ever!

More information on the City: <http://www.cityofmontebello.com/> .

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