



**1. Call to Order**

Mayor Gutierrez called the meeting to order at 3:48 p.m. The following were in attendance at the meeting:

***Subcommittee Members:***

Dr. Yxstian Gutierrez, Mayor  
David Marquez, Council Member

***Staff Members:***

Marshall Eyerman, Chief Financial Officer  
Allen Brock, Assistant City Manager  
Brian Mohan, Financial Resources Division Manager  
Jeannette Olko, Electric Utility Division Manager  
Michael Wolfe, Public Works Director/City Engineer  
Candace Cassel, Special Districts Division Manager  
Jennifer Terry, Senior Management Analyst  
Michael Lloyd, Engineering Division Manager/Assistant City Engineer  
Rae Beimer, Storm Water Program Consultant  
Rick Sandzimier, Acting Community Development Director  
Mayra Robledo, Executive Assistant

***Visitors:***

None

**2. Public Comments**

None

**3. Approval of Minutes:**

Action: Minutes of 03/27/18 approved.

**4. Fiscal Year 2017/18 Third Quarter Budget Review and Approval of the Revised Operating Budgets for FYs 2017/18 and 2018/19.**

Report given by Marshall Eyerman. He discussed in detail the proposed budget adjustments. Through the 3<sup>rd</sup> quarter budget, the budget is in line with expectations with general fund revenues at slightly over 60% and expenses at 75%. 3<sup>rd</sup> quarter budget adjustment with regards to revenues is at a \$526,000 increase due to interest income, franchise in lieu fees, and plan check and other fees. 3<sup>rd</sup> quarter budget adjustments with regards to expense is at a \$649,000 increase primarily due to fire departments operation cost with a \$400,000 adjustment. One position requested for Moreno Valley Utility, the Electrical Utility Chief Engineer to oversee the operation components of MVU and to bring the technical electrical component. The position is needed to provide proper support and resources to the utility to meet growing demands and future development in the City. The total salary cost for this position including benefits is \$219,075. The position will be funded through the MVU revenues. Even with these adjustments, the City is structurally balance and in the positive with \$638,000 for FY 17/18. Under the miscellaneous grants there will be a budget adjustment of \$100,000 in revenue/expenditures to reflect the award by the Bloomberg grant. Under the HOME Investment Partnership, \$629,000 will be allocated for

the acquisition and rehabilitation of the 4-unit multi-family building on Allis Place. Last item, the Development Impact Fee will bring an adjustment to the revenues of approx. 2.7 million.

**Action: Recommended to Council for approval at the 5/15/18 Council meeting. Mayor would like to abstain on the Electric Utility Chief Engineer position.**

5. Public Hearing to Approve the Consolidated Plan for FY 18/19-22/23 and Annual Action Plan for FY 2018/19.

Report given by Marshall. Between the last Finance Subcommittee meeting and Council meeting the one adjustment to the action plan was the US Vets component to make sure if additional funding is received the funds will be reserved for US Vets. The Consolidated Plan for FY 18/19-22/23 identifies what the City will do with the grant funds and the Annual Action Plan is the action the City takes to allocate those funds within each year. There is no spending allocated within the Consolidated Plan, it only represents the five year framework of each Annual Action Plan the Council adopts. The meeting scheduled for May 1, 2018 will be the final meeting for the Consolidated Plan, Annual Action Plan, and Grant sub-recipient actions that will allow these items to be filed with HUD prior to the May 15, 2018 deadline.

**Action: Recommended to Council for approval at the 5/1/18 Council meeting.**

Advisory Items

6. Approval of the FY 2018/19 Storm Water Protection Program Budget for County Service Area 152.

Marshall Eyerman provided a brief summary. National Pollutant Discharge Elimination System regulates charges that deal with storm water runoff. The CSA 152 allows for the collection of revenues on the property tax bills to support the NPDES program. The CSA 152 assessment is at \$8.15 a benefit unit, no increase to this charge, will continue to apply this charge to the county roll at the previous set rate. This charge brings about \$674,000 a year and the funds are used for street sweeping and basin maintenance for the storm water pollution.

7. Public Hearing Regarding the National Pollutant Discharge Elimination System (NPDES) Regulatory Rate Schedule for New and Existing Residential, Common Interest, Commercial, Industrial, and Quasi-Public Use Development Fiscal Year FY 2018/19 Annual Rates.

Marshall Eyerman provided a brief summary. The proposed rates have been adjusted for inflation reflecting a 3.61% increase based on the CPI. The applied parcel charges are dictated by the actual cost to recover.

8. Annual Statement of Investment Policy

Marshall Eyerman discussed the City's Investment Policy. The City's Investment Policy calls for the policy to be reviewed and adopted annually. No changes were made to the policy.

9. Annual Review of the Debt Management Policy

Marshall Eyerman discussed the Debt Management Policy. The Debt Management Policy is brought forward to Council to be reviewed and adopted annually. No changes were made to the policy.

10. Receipt of Quarterly Investment Report

Marshall Eyerman provided a summary on the Quarterly Investment Report. The one aspect of the report to highlight is that as the Federal Government continues to increase interest rates; the City receives higher investment returns.

11. Approval of Resolution for Participation with the County of Riverside Mortgage Credit Certificate (MCC) Program.

Marshall Eyerman provided verbal report. The Mortgage Credit Certificate program is managed by the County of Riverside; a resolution is needed for the City's participation in the program. The program does not require any action of the city; however, resolution needs to be approved so that residents may have the opportunity to work with the County to gain a mortgage credit.

12. Review of FY 2018/19 Fixed Charges for Special Districts.

Report provided by Marshall Eyerman. Marshall went over several special financing districts briefly. The proposed annual rates are a continuation of the rates previously approved by the property owners to be levied on the property tax roll. The annual report requires Council's approval prior to submission to the County for inclusion of the rates to be placed on the property tax roll.

13. Chief Financial Officer Comments

Marshall advised staff is working on the final steps of the purchase of the streetlights. Marshall would like to bring this item to the May 22, 2018 Finance Subcommittee for further discussion on the financing component and the structure of the purchase.

14. Council Member Comments

Council Member Marquez inquired about the impact to the City if the Utility Users Tax was eliminated. Marshall provided a brief summary on the UUT; it was previously at a 6% and then reduced to 5.75 %. The tax does not increase over time it has remained at a flat rate. As economic development continues to bring in property and sales tax the general fund is less reliant on the UUT tax, but it continues to be a stable component of the general fund. The UUT is about 16 million. The impact to eliminate the UUT in public safety would be an 18% cut to City wide operation, however if the UUT did not impact public safety, it would impact 54% to City's operations. If revenues are decreased, services are impacted. The fees from the UUT and Transient Occupancy Tax are used to maintain certain levels of services and invest in areas that will provide economic development for the City for future, which will be the biggest benefit to the residents.

15. Adjournment

Meeting adjourned at 5:02 p.m.

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Prior Meeting Attendance

<b>FINANCE SUBCOMMITTEE ATTENDANCE FOR 2018 JANUARY THROUGH DECEMBER</b>										
<b>Board Member</b>	<b>DATE OF MEETING</b>									
	1/23/18	2/27/18	3/27/18	4/24/18	5/22/18					
Mayor Gutierrez	X	X	X	X						
Council Member Marquez	X	X	X	X						

- X – Present
- E – Excused
- A – Absent
- NQ – No Quorum
- SM – Special Meeting
- NM – No Meeting