

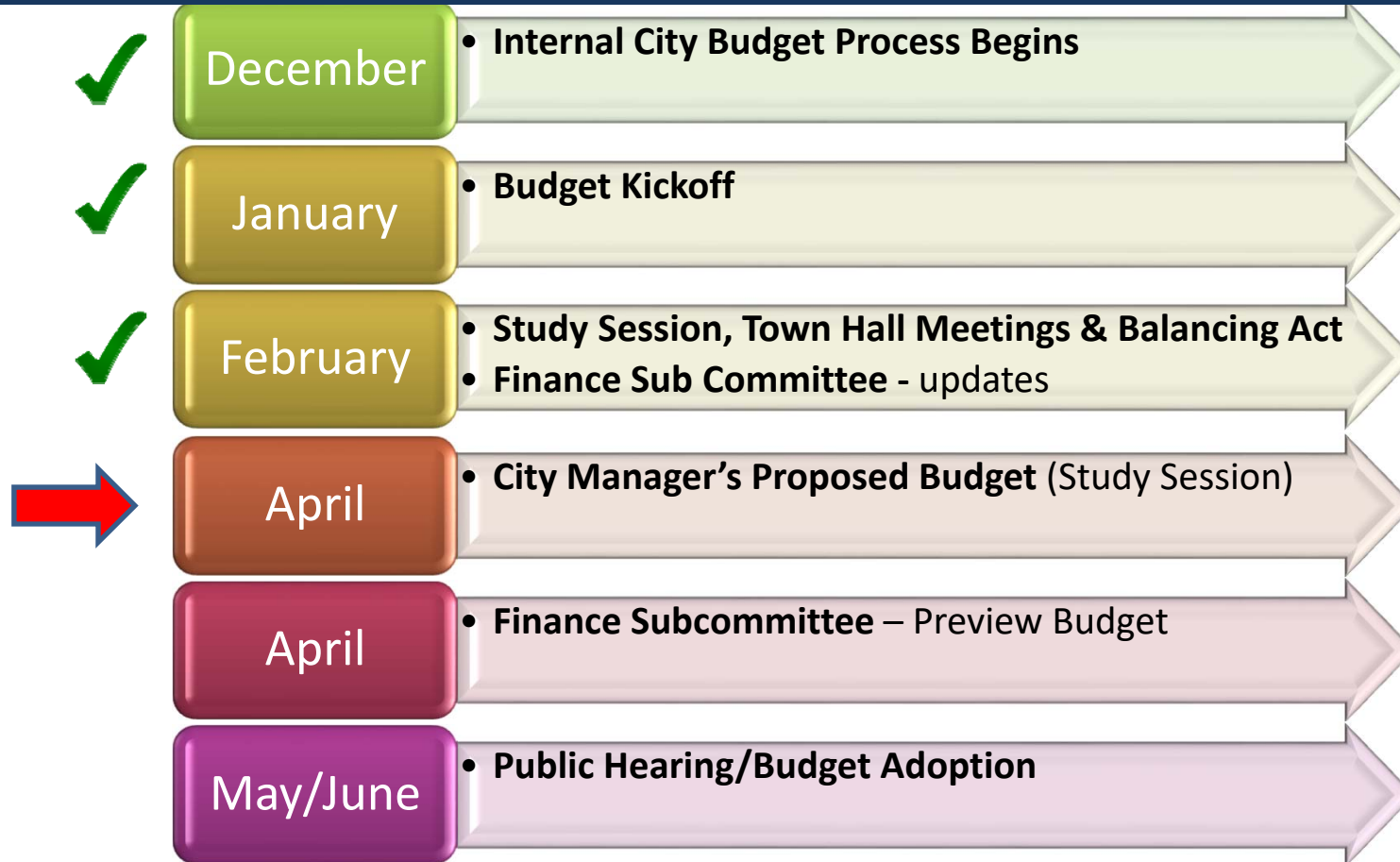


City Manager Proposed Budget Overview Fiscal Years 2019/20– 2020/21

PRESENTATION BY: Thomas M. DeSantis, City Manager
Marshall Eyerman, Chief Financial Officer



Proposed Calendar – Key Items



Focusing on the Community: Budget Process, Vision, and Outreach to Date

Our City is proud of its award-winning budget and financial management procedures and conservative, responsible fiscal safeguards. In this budget process, we will continue to work towards spending funds to maintain our local quality of life.

The City seeks to do so in a transparent, fiscally-accountable, and community-responsive manner, and has engaged thousands of residents in a participatory budget process including:

- A February telephonic townhall with Mayor Gutierrez, including feedback on community priorities
- February and March in-person budget presentations to the council and the community
- An interactive budget balancing act tool and feedback form on the City's website
- Thousands of residents have been engaged in this process to date

Budget Development Building Blocks

Maintain a balanced General Fund budget

Meet *Momentum MoVal* Priorities

Build upon successes in previous fiscal year amended budget

- Examine fiscal strengths
- Reflect prior year actuals
- Remove one-time costs
- Identify savings where possible

Revenues

- Regional economic projections
- Impacts of Economic Development
- Property and Sales taxes

Expenditures

- Contractual Costs
- Cost of Service for Police and Fire
- Capital projects
- Continue to examine new costs savings and potential efficiencies



Community Priorities

The City has a proud history of community engagement and feedback, which informs both our budget process and Momentum MoVal strategic plan goals

In 2018, the City of Moreno Valley again commissioned a community survey that assessed resident perspectives and priorities

Some of the priorities identified by constituents in that survey include:

- Maintaining 911 emergency response times/services
- Maintaining robbery and burglary suppression programs
- Protecting local funds from State or regional money grabs
- Maintaining safe and clean public areas
- Repairing potholes, local streets, and roads
- Maintaining the number of sworn police officers on the streets and fire engines in service
- Enhancing recreation and youth programs and facilities

Strategic Priorities



1. Economic Development

Maintain City's Economic Development Team efforts to attract, retain and grow businesses

Continued marketing and outreach efforts

Funding to the Employment Resource Center (ERC)

Economic and Community Development staff support



Economic Development – Under Construction

- The Quarter (Day/Eucalyptus) Residence Inn by Marriott, Holiday Inn Express, 76 Beyond Gas, FatBurger, Country Kitchen, ZPizza & Tap Room, Alamilla's Mexican Food, Coffee Bean & Tea Leaf
- Fairfield Inn & Suites by Marriott
- Sit N Sleep, America's Tire, Red Wing Shoes, Golden Corral Restaurant
- First Nandina Logistics Center (Indian/Nandina) Leased to Lowe's Home Improvement
- Nandina Distribution Center (Heacock/Nandina) Leased to DMSI/Ross Dress for Less
- Moreno Valley Industrial Park (Heacock/Iris) Leased to Medline Industries
- Nandina Industrial Center (Perris/Nandina) Leased to Legrand North America
- Prologis Eucalyptus Industrial Park (East of the Auto Mall) Bldgs 1,3,4
- Prologis Moreno Valley Logistic Center (Indian/Krameria)
- Indian Street Commercial Center (Indian/Grove View)



Economic Development – Future Projects

World Logistics Center



The District
(former Festival Center)

Moreno Valley Mall
(former Gottschalks building)

Stoneridge Towne Center

Lakeshore Village Marketplace

Moreno Valley Auto Mall

Cactus Commerce Center (gas station and 2 restaurant pads)

Alessandro Blvd Business Corridor

Disposition of City surplus land

E-commerce
(potential point of sale)

Additional auto and vehicle dealerships

Additional hotels and restaurants



2. Public Safety



Complete purchase of new Fire truck (approved FY 18/19)

Maintain citywide camera system

Provide Four additional Police Community Service Officers (CSO)

Fire Administrative Assistant reclassified to Management Aide



Public Safety – Commercial Cannabis

Program Commercial Cannabis Permit Fee cost recovery:

Department	Estimated Additional Hours	Equivalent Staffing
Police	6,100	3.4
Fire	750	0.4
Code	5,150	2.5
City Attorney	1,100	0.5

Consulting contract-perform quarterly compliance inspections and financial audits.

Police Department - Staffing

Current service levels:

- .79 Officers per 1,000 population (incl. Program Overtime)
- 164.5 Sworn positions
- 25.5 Non-Sworn positions

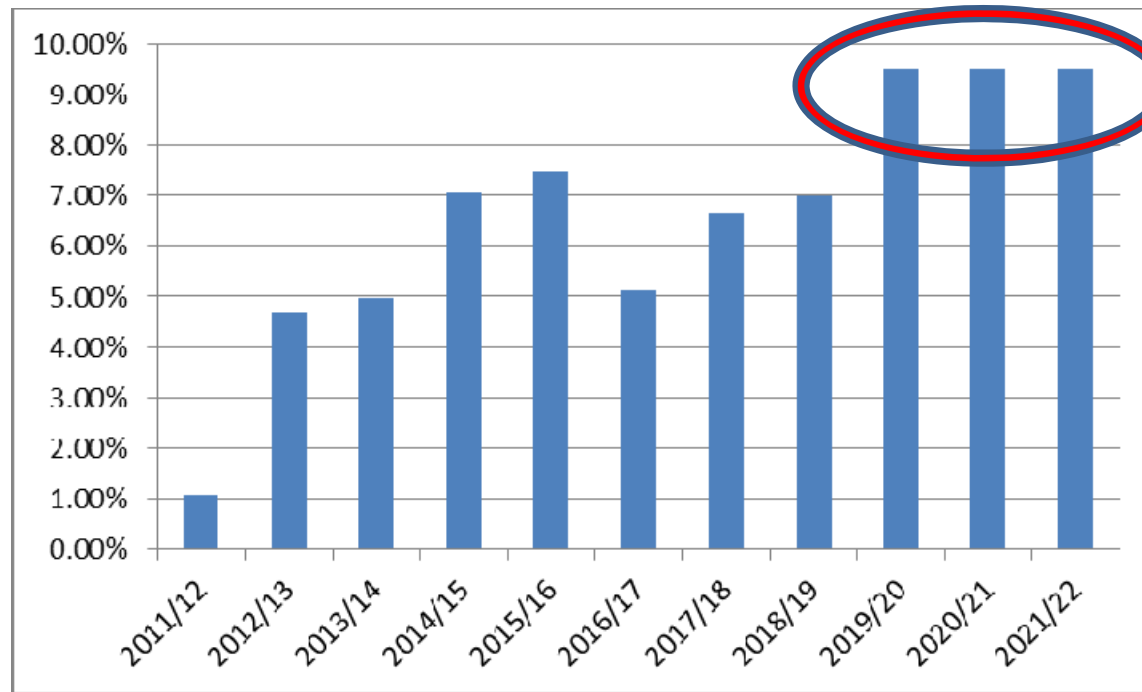
Includes:

- 457.8 supported hours per day (~94 positions)
- 71.4 overtime hours per day (~15 positions)
- Patrol support positions through the contract rate (~64)
- 41 Dedicated positions



Police Department – Contract Rates

Proposed budget set at 7% per Fiscal Year



Initially estimated at 9.5% or \$5M each year!

28.5% or \$15M cumulative over three years!

Fire Department - Staffing

Operations

1 City

75 contract positions

7 Fire stations

7 Engines/1 Truck/1 Squad

Prevention

3 City

8 contract positions

Emergency Management

3 City positions



3. Library



Depending on Library Study Session:

Maintaining library at mall

Increasing mall library hours

ADA improvements at main library

New satellite library in south/east end of the City



4. Infrastructure

MVU is completing the retrofit to LED streetlights citywide

Complete Fleet replacement purchases

Maintain existing facilities

Replace Facilities maintenance software (Approved FY 18/19)

Capital Improvement Projects (CIP)

Over \$40.5 million of improvements



Infrastructure

FYs 2019/20-20/21 Funding Sources :

\$9.0 million in Gas Tax

\$6.8 million in Senate Bill 1

\$1.6 million in CDBG

\$8.2 million in Measure A

\$39.9 million in Grants/Other

\$65.5 million

Includes \$5.2M allocated for annual street maintenance

Additional funding applied as available



5. Beautification, Community Engagement, Quality of Life

Continue Homeless to Work program

Additional Highway Off Ramp trash cleanup

Continued Landscape, Lighting and Maintenance support

Telephone town hall meetings

Laserfiche software upgrade for public records

Hire MoVal programs

Critical home repair and clean up through CDBG funding

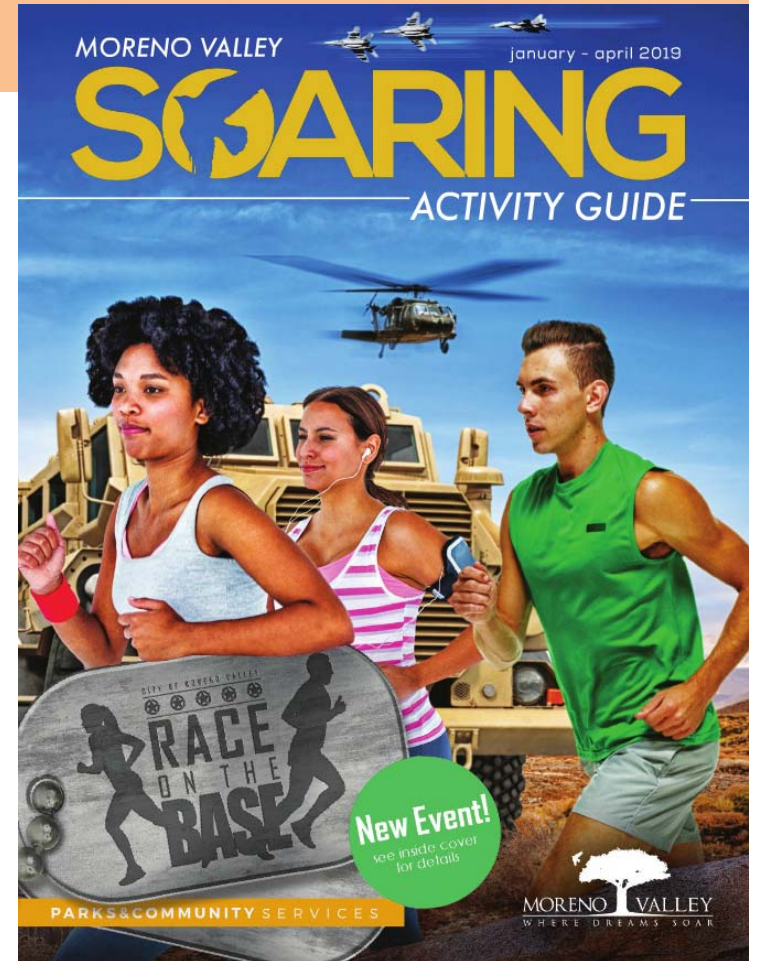
Completion of Amphitheatre and Skate Park (Approved FY 18/19)

6. Youth

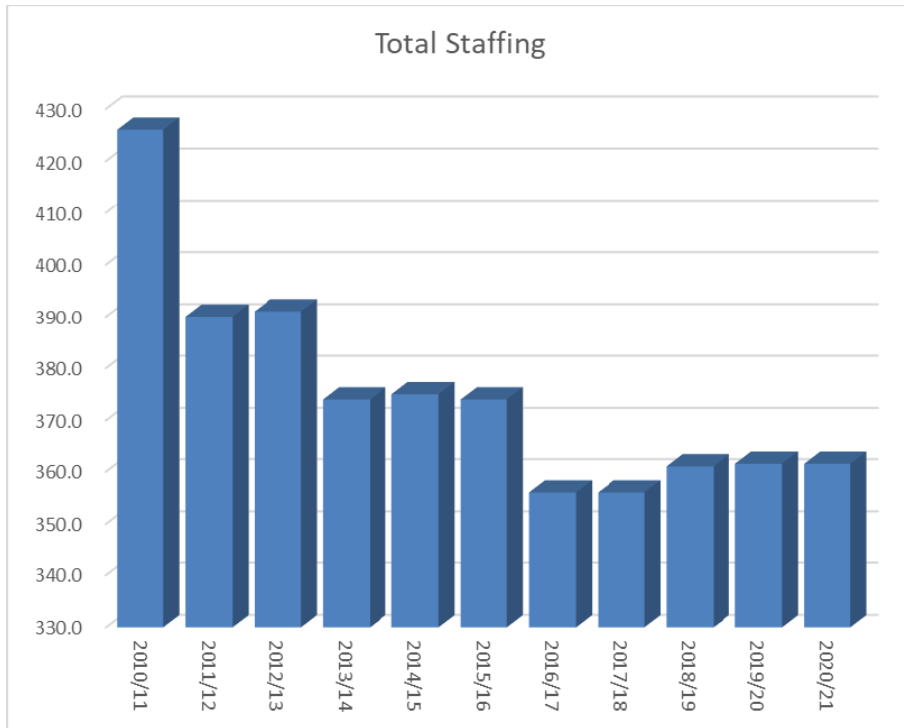
450 programs annually in Soaring Guides
Maintain 603.5 acres of parkland and trails
CDBG funded support programs

Annual Support for our Schools and Students:

Mayor's apprentice program (MAPPED)
Summer at City Hall – Val Verde USD
Asterik internship program - MVUSD
Promise Initiative - MV College
\$0.5 million Crossing Guards
\$7.5 million ASES Grant program
\$0.8 million Child Care program



Personnel/Staffing



Net 0.5 FTE for FY 19/20

Defunded Positions (0):

New Positions (0.5):

City Atty – Temp to PT Admin Asst (0.5 FTE)

Reclassify Positions (4):

EDD – Management Analyst funding

CDD – Sr. Planner to Principal Planner

Fire - Administrative Assistant to Management Aide

PTC to FTC Lead Parks Maintenance Worker

Personnel/Staffing

Cities	Employees per 1,000 Capita	FY 2017/18 Number of Employees *
Glendale	6.5	1,338.7
Riverside	4.5	1,476.2
Rancho Cucamonga	4.1	717.2
Ontario	3.4	612.0
Average	3.0	615.4
Escondido	2.4	371.0
Corona	1.6	266.2
Moreno Valley	1.5	301.5
Temecula	1.4	161.8
Fontana	1.4	294.0



*Excludes police, fire, water, sewer, airport, crossing guards, animal control

Citywide - Expenditure Summary

	FY 2018/19 Amended Budget	FY 2019/20 Proposed Budget	FY 2020/21 Proposed Budget
Fund/Component Unit			
General Fund	\$ 111,786,976	\$ 112,921,104	\$ 116,773,613
Community Services District (CSD)	21,146,121	20,537,302	21,332,223
Successor Agency	4,286,389	5,089,728	5,089,728
Housing Fund	250,000	250,000	250,000
Special Revenue Funds	66,744,144	34,018,848	32,703,762
Electric Utility Funds	67,574,939	32,076,318	32,751,206
Internal Service Funds	15,887,071	12,347,625	10,013,938
Debt Service Funds	4,327,000	4,332,843	4,327,834
Total	\$ 292,002,640	\$ 221,573,768	\$ 223,242,304

General Fund - Expenditure Summary

	FY 2018/19 Amended Budget	FY 2019/20 Proposed Budget	FY 2020/21 Proposed Budget
Department			
City Council	\$ 1,252,156	\$ 968,424	\$ 987,483
City Clerk	968,805	720,071	1,054,059
City Attorney	893,528	1,049,324	1,099,482
City Manager	6,079,382	1,962,634	2,039,696
Human Resources	1,211,758	1,512,487	1,560,508
Economic Development	1,928,168	2,378,885	2,464,235
Financial & Management Svc	6,378,999	11,387,546	11,784,250
Non-Department	5,201,108	4,939,607	4,458,301
	\$ 23,913,904	\$ 24,918,978	\$ 25,448,014
Public Safety			
Community Development	\$ 9,772,797	\$ 10,304,411	\$ 10,666,576
Public Works	9,350,294	8,574,994	7,686,229
Fire	23,769,169	23,100,928	24,017,196
Police	44,980,812	46,021,793	48,955,598
	\$ 87,873,072	\$ 88,002,126	\$ 91,325,599
Total	\$ 111,786,976	\$ 112,921,104	\$ 116,773,613
		1.01%	3.41%
Public Safety Budget Percentage		77.93%	78.21%

General Fund – Budget Summary

	FY 2018/19 Amended Budget	FY 2019/20 Proposed Budget	FY 2020/21 Proposed Budget
Revenues	\$ 110,702,522	\$ 112,930,034	\$ 116,787,313
Expenses	111,786,976	112,921,104	116,773,613
Variance	\$ (1,084,454)	\$ 8,930	\$ 13,700

Budget Challenges - Factors Beyond Our Control

California State takeaways

Sacramento continues to find new ways to take millions from local cities like ours, including imposing expensive new regulations without any funding to implement them

Riverside County

Increasing costs for services used by our residents

These money grabs are impacting the City's ability to provide the services and programs at the levels our residents expect and deserve in the long term

- Public safety services are the top priority for Moreno Valley residents. Over 75% of the City's budget is devoted to public safety.

Budget Assumptions

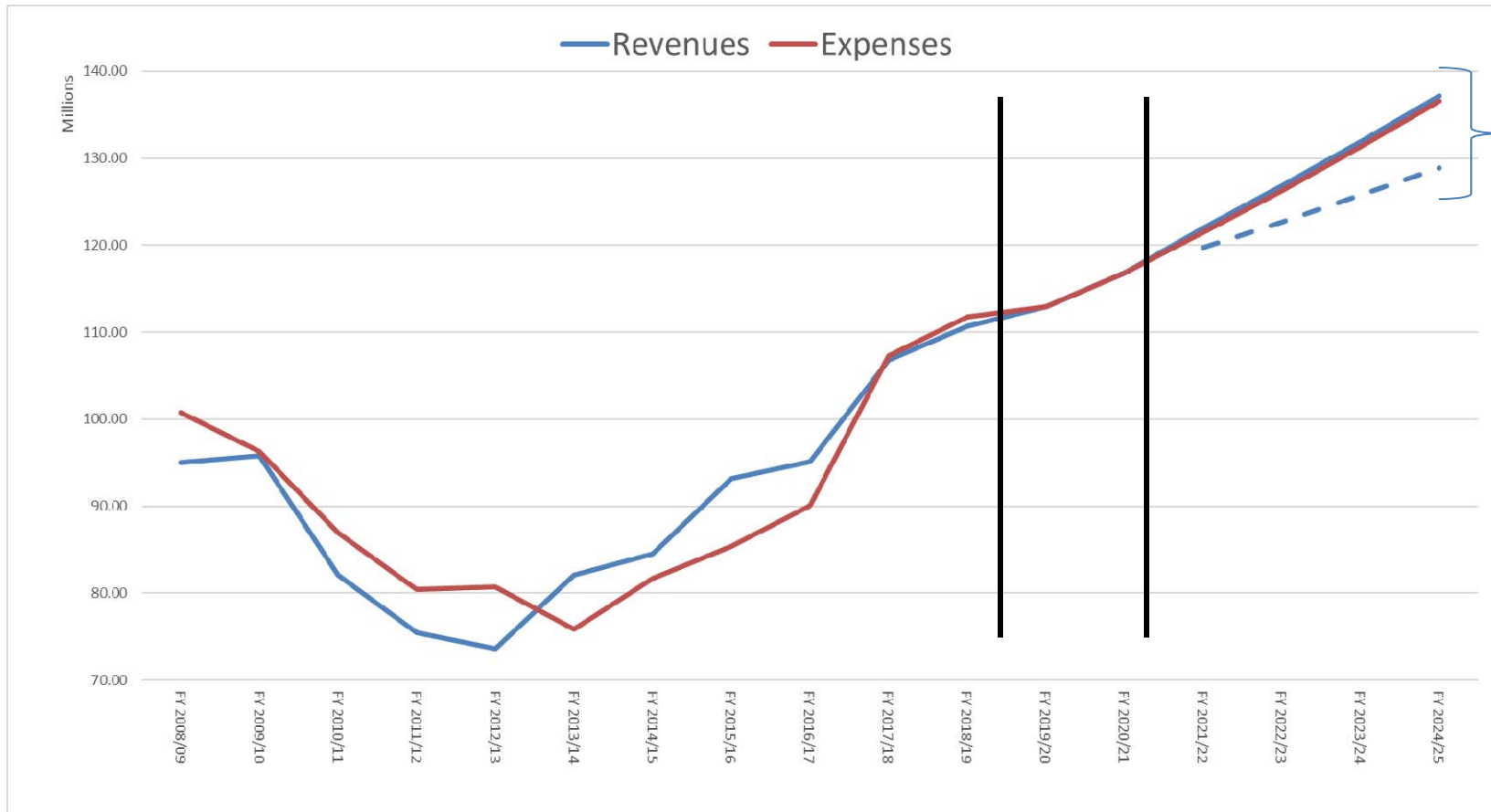
Long Range Projections

Expenditures continue to increase primarily due to Public Safety

Revenue growth from existing sources is flattening

Economic Development key to balancing budget

Budget Assumptions



ED
Bridges
the gap

Community Services District (CSD)

	FY 2018/19 Amended Budget	FY 2019/20 Proposed Budget	FY 2020/21 Proposed Budget
Total Revenues	\$ 19,664,743	\$ 20,479,715	\$ 21,031,819
Expenditures:			
Library Services Fund (5010)	\$ 2,494,590	\$ 2,453,182	\$ 2,708,319
Zone A Parks Fund (5011)	9,893,481	10,047,021	10,258,968
LMD 2014-01 Residential Street Lighting Fund (5012)	1,601,729	1,468,459	1,516,919
Zone C Arterial Street Lighting Fund (5110)	913,854	850,324	875,414
Zone D Standard Landscaping Fund (5111)	1,356,695	1,105,995	1,213,105
Zone E Extensive Landscaping Fund (5013)	335,826	279,191	289,398
5014 LMD 2014-02	2,723,254	2,518,060	2,666,609
Zone M Median Fund (5112)	330,778	306,412	335,229
CFD No. 1 (5113)	1,361,821	1,439,762	1,390,660
Zone S (5114)	68,093	68,896	77,602
5211 Zone A Parks - Restricted Assets	66,000	-	-
Total Expenditures	\$ 21,146,121	\$ 20,537,302	\$ 21,332,223
Net Change or Adopted Use of Fund Balance	\$ (1,481,378)	\$ (57,587)	\$ (300,404)

Moreno Valley Utility (MVU)

	FY 2018/19 Adopted Budget	FY 2018/19 Amended Budget	Actuals as of 12/31/2018 (unaudited)
Total Revenues	\$ 39,969,535	\$ 34,527,040	\$ 35,654,876
Expenditures:			
45510 Electric Utility - General	\$ 31,758,853	\$ 25,248,274	\$ 26,287,723
45511 Public Purpose Program	2,060,185	1,694,007	1,702,376
45512 SCE Served Street Lights	-	800,000	400,000
80005 CIP - Electric Utility	22,605,155	-	-
96010 Non-Dept Electric	5,354	-	-
96030 Non-Dept 2005 Lease Revenue Bonds	1,550,000	2,049,081	2,109,081
96021 Non-Dept 2016 Tax LRB of 07 Tax	867,700	848,900	829,775
96031 Non-Dept 2013 Refunding 05 LRB	37,500	29,106	21,336
96032 Non-Dept 2014 Refunding 2005 LRB	119,300	119,227	119,174
96040 Non-Dept 2015 Taxable LRB	460,000	453,751	447,769
96050 Non-Dept 2018 Streetlight Fin	8,110,892	833,972	833,972
Total Expenditures	\$ 67,574,939	\$ 32,076,318	\$ 32,751,206
Net Change or Adopted Use of Fund Balance	\$ (27,605,404)	\$ 2,450,722	\$ 2,903,670

Next Steps – Additional Community Engagement on Service Priorities

The City will continue its budget process, through Finance Subcommittee and City Council meetings over the next couple months

Per Council's direction, the City will continue and increase engagement on community budget priorities, including:

- Educating the community on Moreno Valley's successes and long term potential budget challenges
- Soliciting feedback on current resident priorities in an organized manner

Proposed Calendar – Key Items

