



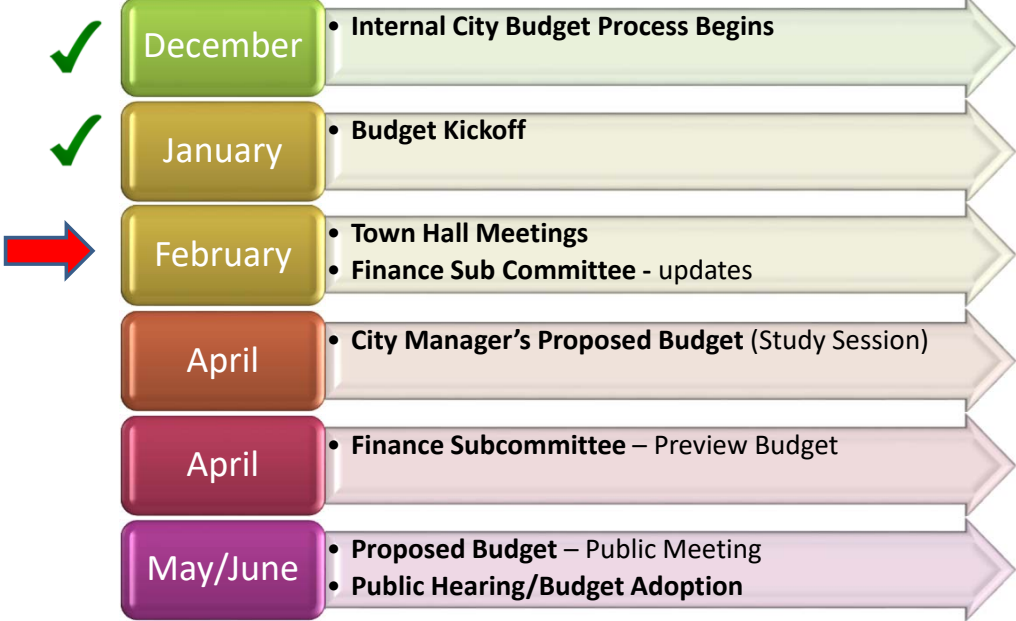
BUDGET DEVELOPMENT

Fiscal Years 2019/20 – 2020/21

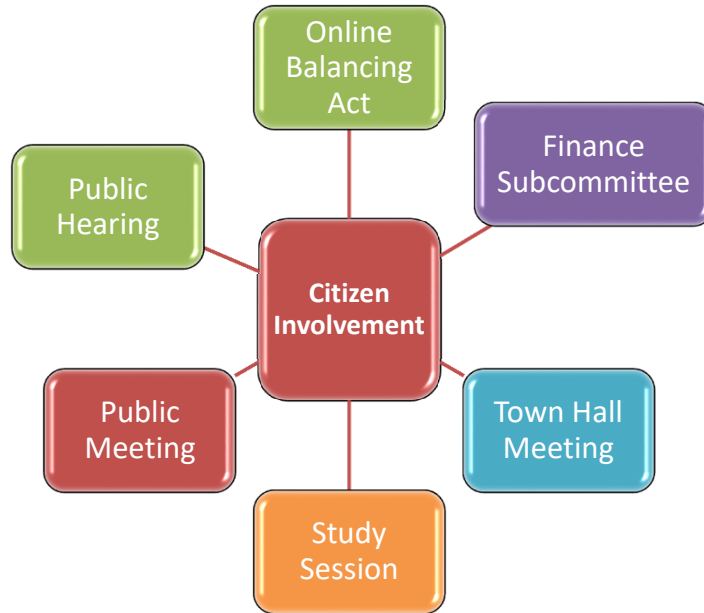
PRESENTATION BY: Thomas M. DeSantis, City Manager
Marshall Eyerman, Chief Financial Officer



Proposed Calendar – Key Items



Proposed Citizen Engagement



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Budget Process – 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

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California Municipal Financial Health Diagnostic



City of Moreno Valley Results

California Municipal Financial Health Diagnostic – Key Fiscal Health Indicators






General Fund

Net Operating surplus. There are no recurring general fund operating deficits.
Fund balance & sufficient reserves
Condition of capital assets
Liquidity
Fixed costs & labor costs
Extent of General Fund subsidies to other funds

- 
- 
-  Streets
- 
-  Public safety costs
- 

California Municipal Financial Health Diagnostic – Key Fiscal Health Indicators

Citywide Practices and Conditions

Level of budgetary discretion	
Budget balancing methodology	
Use of ongoing revenues to support ongoing costs	
Timeliness and accuracy of financial reports	
Service level solvency	

Current Amended Budget



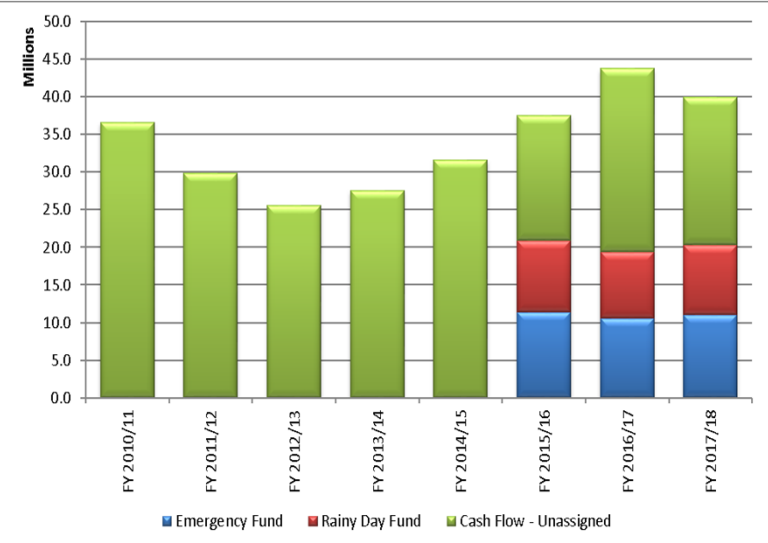
General Fund – Fund Balance

Reserve Funds

Cash Flow – Unassigned \$19.7M
 Policy: 17-35% Current: 21%

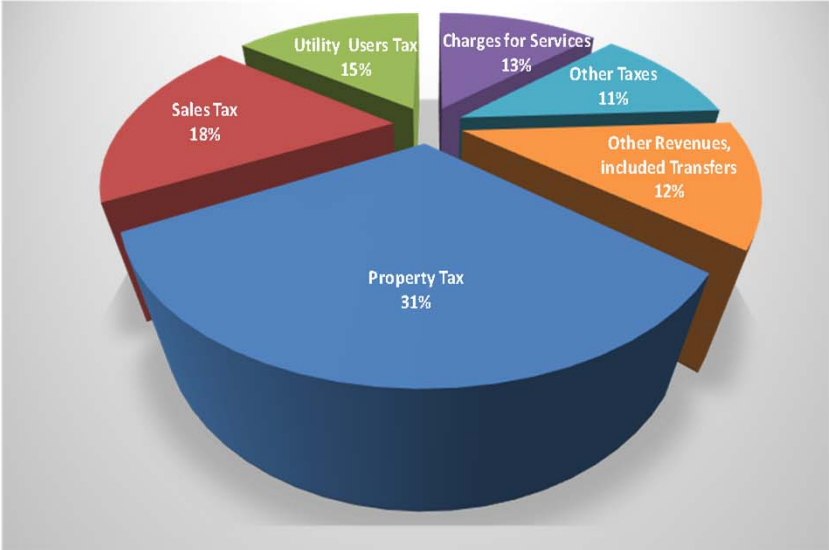
Emergency Fund \$11.0M
 Policy: 12% Current: 12%

Rainy Day Fund \$9.2M
 Policy: 10% Current: 10%

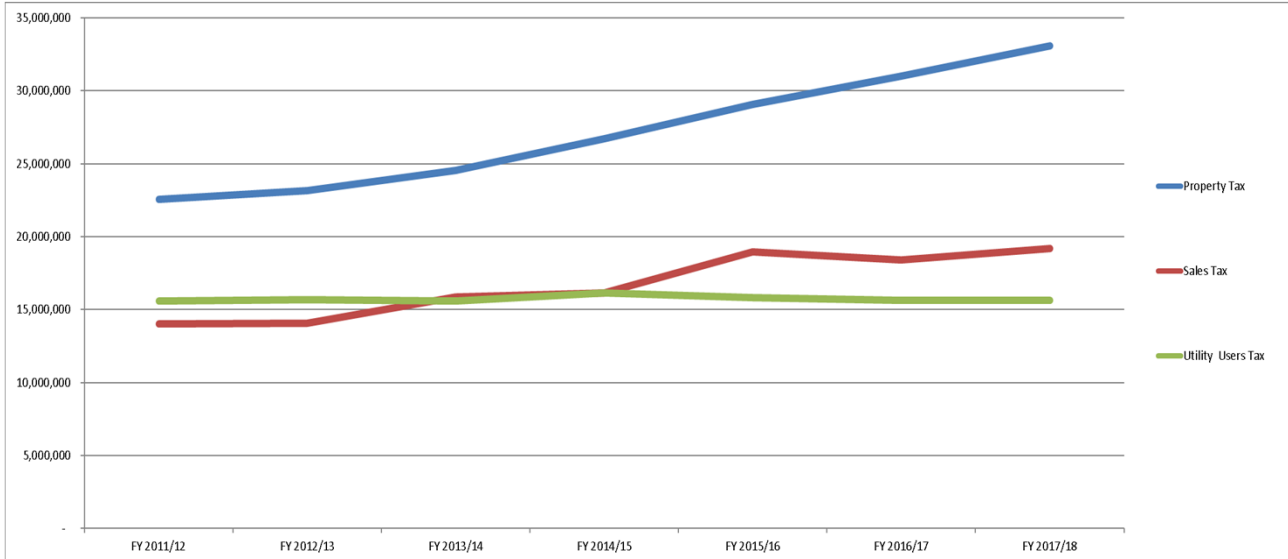


General Fund – Revenues

FY 2017/18 Revenues	
Property Tax	\$33,102,834
Sales Tax	\$19,192,515
Utility Users Tax	\$15,629,102
Charges for Services	\$13,673,162
Other Taxes	\$11,764,029
Other Revenues, included Transfers	\$13,476,199
Total	\$106,837,840



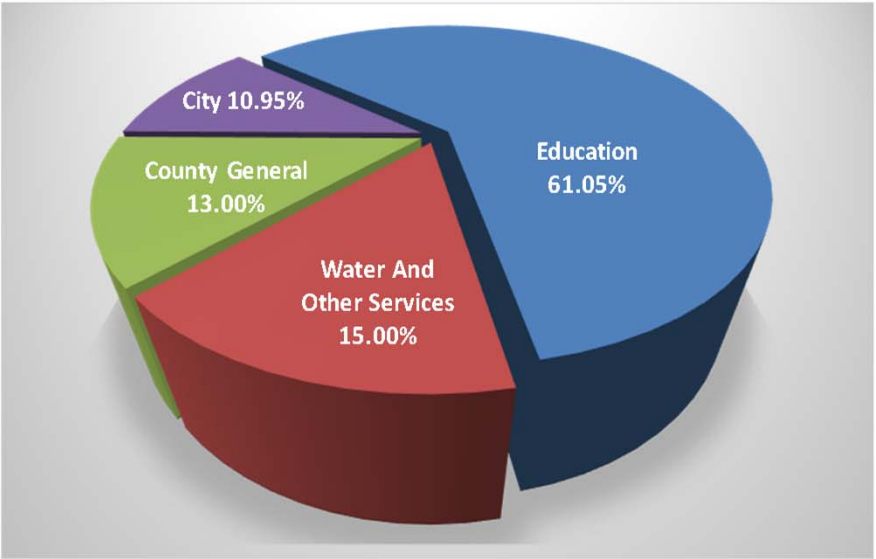
General Fund – Major Revenue Trends



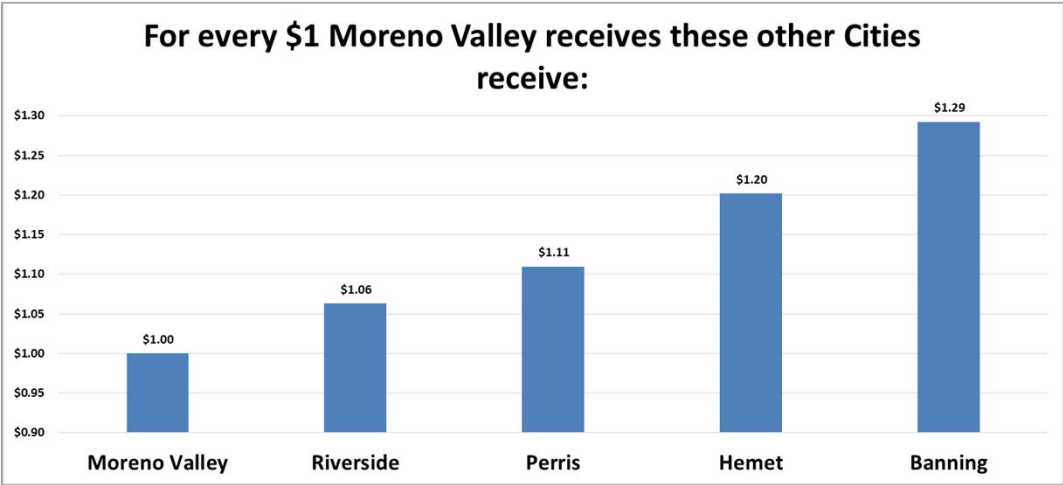
Property Tax Allocation

Property Tax	
Taxable Assessed Value	\$257,145
General Property Tax	1.00%
Other Taxes	0.07%
Total Property Taxes	\$2,751

Distribution	
County, Education, Other (89.05%)	\$2,450
City (10.95%)	\$301



Property Tax Rates - Comparison



FOR EACH DOLLAR OF SALES TAX REVENUE

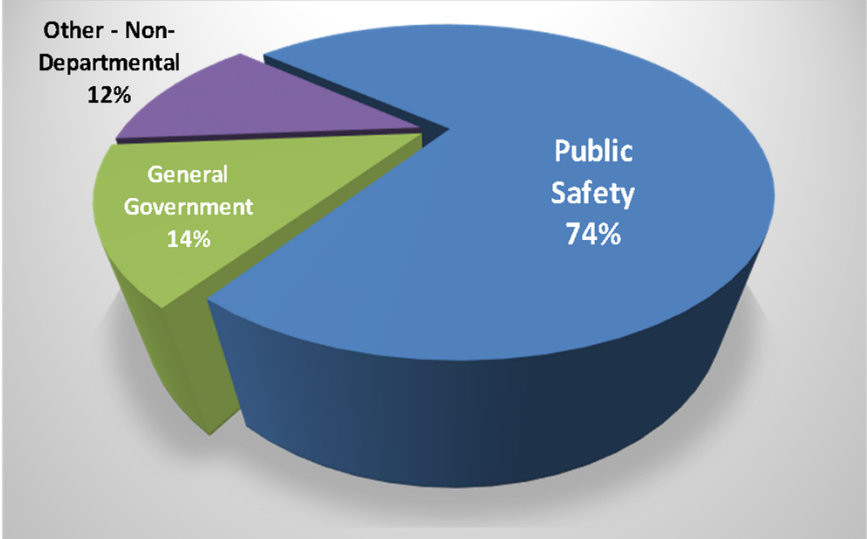


- STATE GENERAL FUND - 50¢
Supports a wide variety of programs, including K-12 education, higher education, health and criminal justice programs.
- STATE LOCAL REVENUE FUND - 20¢
Supports various health and social service programs such as probation, mental health, drug and alcohol, and foster care programs.
- MORENO VALLEY GENERAL FUND - 13¢
Supports critical local services including public safety and infrastructure.
- COUNTY TRANSPORTATION FUNDS - 10¢
Supports traffic congestion relief, traffic safety, and air quality improvement programs.
- STATE LOCAL PUBLIC SAFETY FUNDS - 7¢
Supports local public safety programs

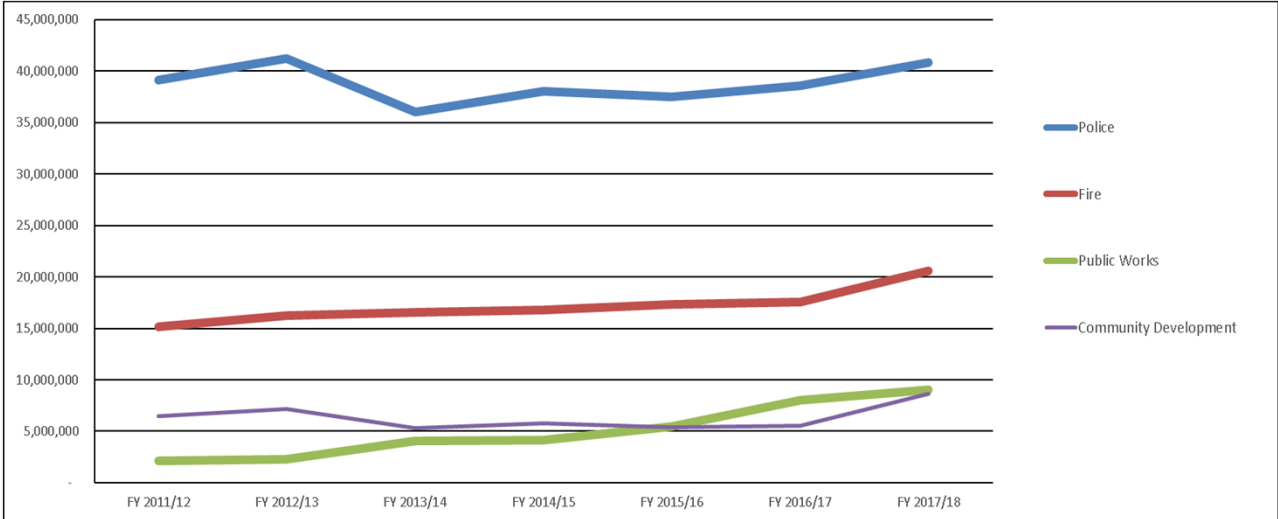
General Fund - Expenses

FY 2017/2018 EXPENDITURES

Public Safety:	
Police	\$40,870,353
Fire	\$20,555,691
Public Works	\$8,995,889
Community Development	\$8,629,163
Total Public Safety Expenses	\$79,051,097
General Government	
	\$15,023,076
Other - Non-Departmental	\$13,173,452
Total Expenses	\$107,247,624



General Fund – Expense Trend



Regional Economic Update – Beacon Economics

Economic forecasting is always subject to considerable uncertainty, even in the near term.

- Unemployment rate continues to fall, but job growth remains steady
- Office market modest, but vacancy rate is still above 11%
- Retail market modest, but under threat from e-commerce
- Logistics market strong, but under tariff attack

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Regional Economic Update

- Nonresidential construction activity remains strong, fueled by increasing demand in the Logistics Industry
- Residential building permits increased for both single and multi-family housing in 2018
- Housing market = 71% of property tax valuation. Market sales price decreasing and number of sales are slowing due to rising mortgage rates and affordability concerns.

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Foundations of the Budget



Focus on Momentum MoVal

Strategic Priorities

- 1 ECONOMIC DEVELOPMENT
- 2 PUBLIC SAFETY
- 3 LIBRARY
- 4 INFRASTRUCTURE
- 5 BEAUTIFICATION, COMMUNITY ENGAGEMENT, QUALITY OF LIFE
- 6 YOUTH PROGRAMS



Personnel



Police Department

Current service levels:

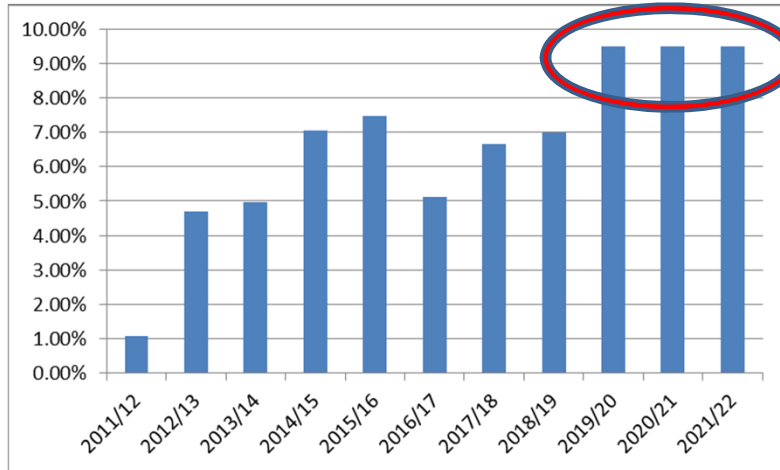
- .79 Officers per 1,000 population (incl. Program Overtime)
- 150 Sworn positions
- 44.5 Non-Sworn positions

Includes:

- 458.5 supported hours per day (~94 Deputy Sheriff positions)
- Patrol support positions through the contract rate (~62.5 sworn/non-sworn)
- 37 Dedicated positions



Police Department



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

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

Fire Department

Operations

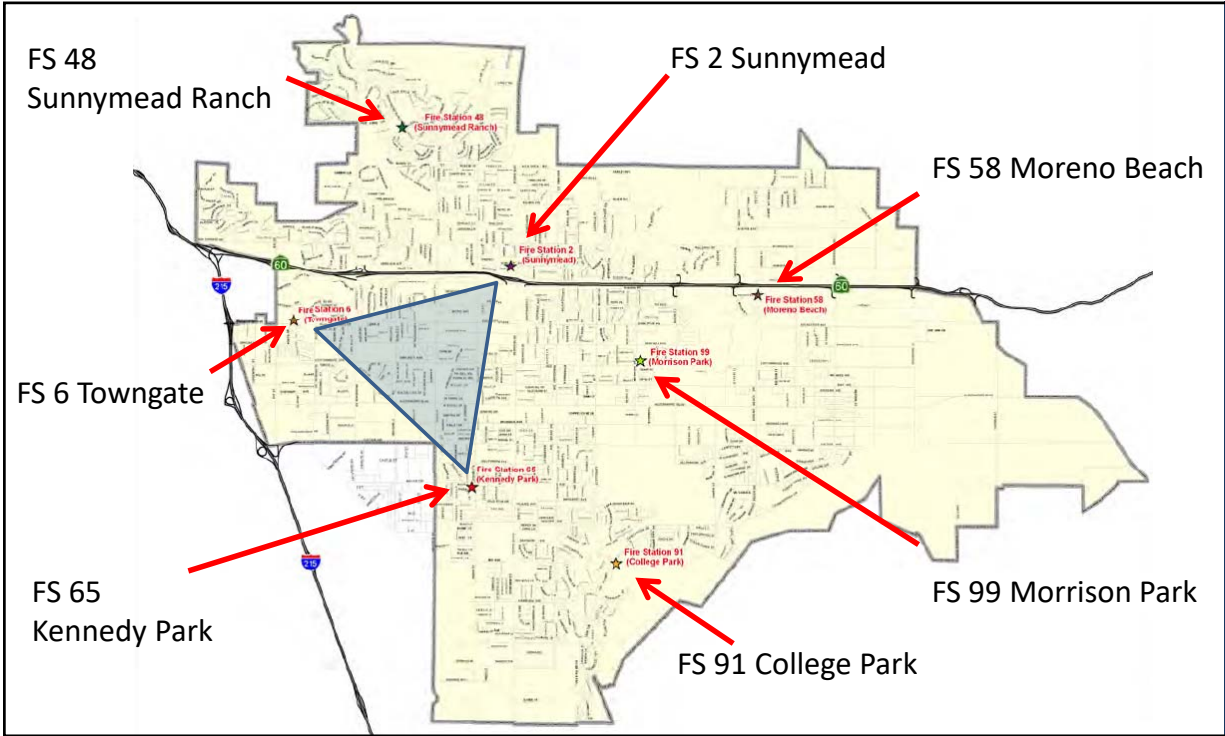
1 City / 75 contract positions
7 Fire stations
7 Engines/1 Truck/1 Squad

Prevention

3 City / 8 contract positions

Emergency Management

3 City positions



Fire Department

- 19% of General Fund expenditures
- Estimated 5% annual contract increase
- State reviewing cost allocations
- Impact of employee negotiations pending



Economic Development – Opened



POTTERY BARN
OUTLET



SHERWIN
WILLIAMS.

EXPANSIONS:

SKECHERS

deckers
OUTDOOR CORPORATION



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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)

Planning - Year 1

Development - Year 2

Revenue - Years 3+

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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



Revenue Trends

Sales Tax: Steady

Property Tax: 2% Annual Growth

Utility Users Tax: Slight Decline

Expense Trends

Public Safety: Increasing
(Fire 5% & Police 9.5% each year)

Public Works: Flat

Community Development: Flat

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Budget Assumptions

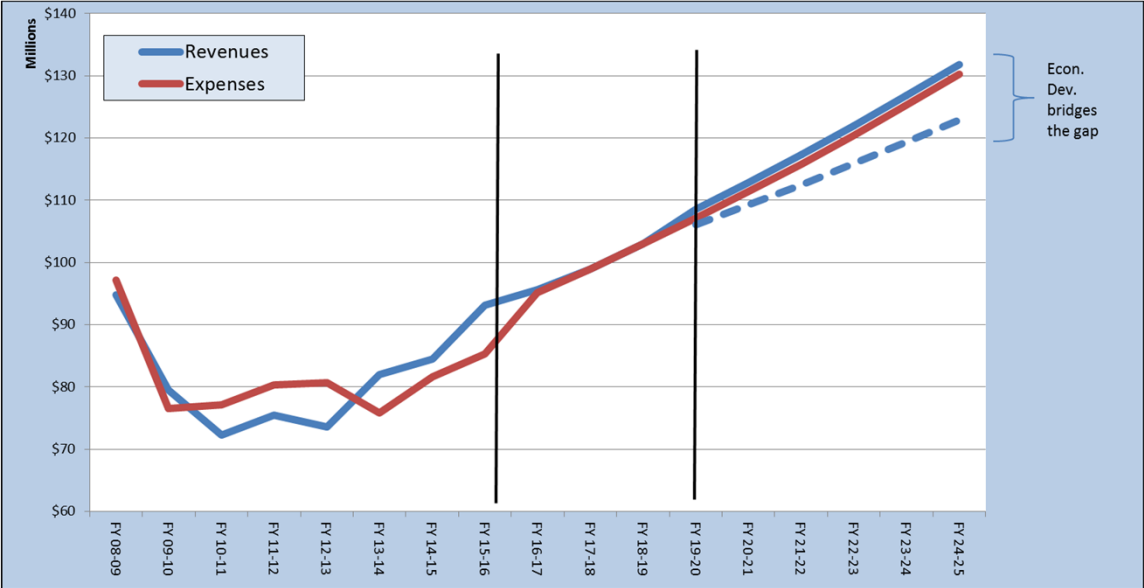
Long Range Projections

- Expenditures continue to increase primarily due to Public Safety
- Revenue growth from existing sources is flattening
- Economic Development key to balancing budget

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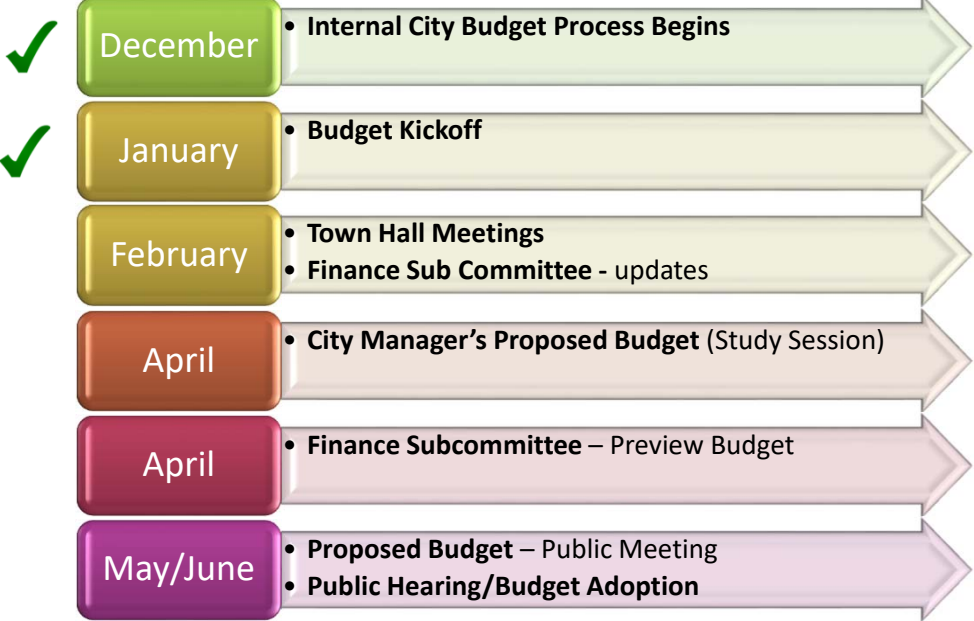
Budget Assumptions



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Proposed Calendar – Key Items



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