



Report to City Council

TO: Mayor and City Council
Mayor and City Council Acting in its Capacity as Chairman
and Commissioners of the Moreno Valley Housing Authority
(HA)

FROM: Richard Teichert, Chief Financial Officer

AGENDA DATE: May 26, 2015

TITLE: THIRD QUARTER BUDGET REVIEW AND APPROVAL OF
THE REVISED OPERATING BUDGET FOR FISCAL YEAR
2014/15

RECOMMENDED ACTION

Recommendations: That the City Council:

1. Receive and file the third quarter budget summary.
2. Adopt Resolution No. 2015-36. A Resolution of the City Council of the City of Moreno Valley, California, Adopting the Revised Operating Budgets for Fiscal Year 2014/15.
3. Approve the amendments to the Position Control Roster. Specific positions are discussed within this staff report.
4. Approve the Management Aide job classification.

Recommendations: That the Housing Authority:

1. Acting in its capacity as the Chairman and Commissioners of the Moreno Valley Housing Authority, adopt Resolution No. HA 2015-02. A Resolution of the Moreno Valley Housing Authority of the City of Moreno Valley, California, Adopting the Revised Operating Budget for Fiscal Year 2014/15.

SUMMARY

On June 11, 2013, the City Council adopted the Two-Year Operating Budget for Fiscal Years (FY) 2013/14 – 2014/15. The budget included all component units of the City, including the General Fund, Community Services District and Successor Agency. During the two-year budget period, the City Council will be apprised of the City's financial condition through the process of First Quarter, Mid-Year and Third Quarter Budget Reviews. This ongoing process ensures a forum to look at expenditure and revenue deviations from the estimates made in the budget document. Additionally, any significant variances in projected revenue or unanticipated expenditures will be shared with the City Council should they occur.

In March, staff presented a Mid-Year Review of the first six months of FY 2014/15. This report will provide a FY 2014/15 Third Quarter Review for the first nine months of FY 2014/15, July through March. The Third Quarter budget review will focus primarily on the City's General Fund. The General Fund represents the greatest impacts as well as most budget adjustments that are necessary for the remainder of the year. This review will also present nine-month operational results from other key funds. This Third Quarter report, and the recommended actions, represents those changes currently identified to complete FY 2014/15.

The goal and direction regarding the fiscal status of City operations remains unchanged, "Maintain a Balanced General Fund Budget" based on the City Council's direction. Changes were considered where necessary to adjust for expenditure needs that could not be absorbed within current approved appropriations and to correct some one-time and technical requirements in some funds. This report identifies the budget adjustments as recommended.

DISCUSSION

This Third Quarter report updates the Mayor and City Council regarding current year financial trends and provides the opportunity for the City Council to review the recommended actions as they relate to revenues and expenditures. Based on economic activity and revenue collections through March 2015, staff is not anticipating that total revenues will produce any significant increases over the amounts originally budgeted. Although there are some increases noted by revised estimates, there are offsetting adjustments that negate some of these impacts. The increase to the General Fund revenues is \$648,334 to approx. \$85.7 million as presented on Exhibit A.

The FY 2014/15 General Fund expenditures budget, as currently amended, totals approximately \$84.7 million. The recommended Third Quarter budget changes decrease expenditures by \$68,478 to \$84.6 million. The fund continues to be balanced, without the use of fund balance. The majority of the recommended expenditure increases are represented by increased costs estimated for Non-Departmental. The specific budget adjustments for the General Fund are summarized in Exhibit A attached to the City Council Resolution recommended for approval.

The Third Quarter adjustments also contain position control changes that are requested to better align workloads and operational efficiencies. The cost impact of these changes is neutral. The changes to the position control roster are detailed below.

General Fund Revenue Update

Revenue receipts do not follow an even schedule. Although 75% of the fiscal year has elapsed, based on historic trends revenues are estimated to be at approximately 62% of the budgeted amount. Actual revenues received are currently 61% of budget. Revenue amounts continue to be, for the most part, stable. Although there will be variances in some of the amounts budgeted, the total is expected to remain within 1% of the amended budget for the year. Total General Fund revenue is estimated to be approx. \$85.7 million.

General Fund Expenditure Update

Although not all expenditures follow a straight-line spending pattern, operating expenditures should track close to within 75% of budget for the year at the end of the first nine months. As of March 31, 2015 total General Fund expenditures were at 70%. This pace is within expectations for most activities in the General Fund.

Position Control Actions

The Position Control Roster as amended by the City Council serves as an important internal control tool for City Council to establish authorized positions for the City while enabling staff to manage within the authorized and funded approved positions. Position Control addresses career authorized positions and does not include temporary positions. As a result of operational changes some positions are being requested to be adjusted based on current and projected demands for those positions.

Staff recommends updating the Position Control Roster to reflect the reclassification of the current Sr. Financial Analyst (C25) position into two new positions: Accountant II (C24) and Management Aide (C18). This adjustment will allow for increased services and focused efforts, without any additional funding request.

The following table provides a summary of all position changes:

<u>Department / Position Title</u>		<u>FY</u> <u>2014/15</u>
<u>Financial & Management Services</u>		
Sr. Financial Analyst	FT	(1)
Accountant II	FT	1
Management Aide	PT	1
Total		1

SUMMARIES OF OTHER MAJOR FUNDS

The following provides a summary of some of the proposed budget adjustments to other major funds. A complete list of all changes is identified in Exhibit B to the Resolutions.

Energy Efficiency Fund (Fund 2017)

There is a budget adjustment recommended for the third quarter to increase transfers out by \$45,856 to the Facilities Maintenance fund primarily to replace current exterior lighting with energy efficient lighting at four City buildings: Corporate Yard, Cottonwood Golf Center, Senior Center, and the Library.

Warner Ranch Assessment District and Vinewood Assessment (Funds 3451 and 4011)

The two assessment districts acted as financing mechanisms for the funding of improvements within the districts. The repayment of the liens has occurred and the accounting for these districts is no longer required. The proposed actions would remove any budget amounts currently reflected.

Facilities Maintenance (Fund 7310)

Based on current needs, Facilities is requesting funding for the replacement and repair of roofs at the Community Recreation Center and the Public Safety Building. Additionally, the heating ventilation and air conditioning (HVAC) systems at the Cottonwood Golf Center and the Library are currently in need of repair or replacement. The maintenance for the Library is essential as the building act as one of the designated cooling centers within the City. The funding for these improvement will be met through existing reserved fund balance and the use of one-time settlement revenues.

Equipment Replacement Fund (Fund 7510)

Staff is recommending the use of \$274,835 of designated replacement funds for additional police equipment replacement and additional camera installations and repairs.

Compensated Absences (Fund 7610)

Staff is requesting a transfer in the amount of \$500,000 to fund compensated absences and to reduce the level of unfunded liabilities.

This Third Quarter report updates the Mayor and Council regarding current year financial trends and provides the opportunity for the City Council to review the recommended actions as they relate to revenues and expenditures. Based on economic activity and revenue collections through March 2015, staff is not anticipating that total revenues will produce any significant increases over the amounts originally budgeted.

The goal and direction regarding the fiscal status of City operations remain unchanged, "Maintain a Balanced General Fund Budget" based on the City Council's direction. Changes were considered where necessary to adjust for expenditure needs that could not be absorbed within current approved appropriations and to correct some one-time and technical requirements in some funds. This report identifies the budget adjustments as recommended by the City Manager. With these proposed amendments, the General Fund shall remain structurally balanced.

ALTERNATIVES

1. Approve proposed resolution approving the Revised Operating Budget for the City of Moreno Valley for FY 2014/15, pursuant to the revenue and expenditure changes presented in Exhibits A and B to the Resolution; and
2. Approve the amendments to the Position Control Roster. Specific positions are discussed within this staff report; and
3. Approve the Management Aide job classification and recruitment; and
4. Approve proposed resolution approving the Revised Operating Budget for the Moreno Valley Housing Authority for FY 2014/15, pursuant to the revenue and expenditure changes presented in Exhibits A and B to the Resolution.
5. Not Approve Alternatives 1-4 to amend the FY 2014/15 Operating Budget. This action may restrict the ability for the City to meet certain service and financial obligations.

FISCAL IMPACT

The fiscal impacts are identified within the proposed Resolutions.

NOTIFICATION

Publication of the agenda.

PREPARATION OF STAFF REPORT

Prepared By:
Marshall Eyerman
Financial Resources Division Manager

Department Head Approval:
Richard Teichert
Chief Financial Officer/City Treasurer

Concurred By:
Michelle Dawson
City Manager

CITY COUNCIL GOALS

Revenue Diversification and Preservation. Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

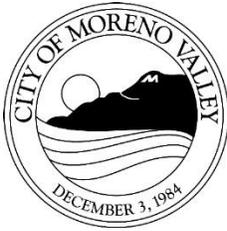
ATTACHMENTS

1. Quarterly Financial Report - Third Quarter FY 2014/15
2. Resolution 2015-36_City Council

3. Resolution 2015-02_HA
4. Exhibit A_Recommended General Fund Budget Changes
5. Exhibit B_Recommended Non General Fund Budget Changes v2
6. Management Aide Class Specification
7. Third Quarter FY 2014/15 - Presentation

APPROVALS

Budget Officer Approval	<u>✓ Approved</u>	5/20/15 2:48 PM
City Attorney Approval	<u>✓ Approved</u>	5/20/15 5:54 PM
City Manager Approval	<u>✓ Approved</u>	5/21/15 10:13 AM



City of Moreno Valley

Fiscal Year 2014/15 Operating Budget

Third Quarter Financial Summary

TO: Mayor and City Council

FROM: Richard Teichert, Chief Financial Officer

DATE: May 26, 2015

INTRODUCTION

On June 11, 2013, the City Council adopted the Two-Year Operating Budget for Fiscal Years (FY) 2013/14 – 2014/15. During the two-year budget period the City Council will be apprised of the City’s financial condition through the process of First Quarter and Mid-Year Budget Reviews. This ongoing process ensures a forum to look at expenditure and revenue deviations from the estimates made in the budget document. Additionally, any significant variances in projected revenue or unanticipated expenditures will be shared with the City Council should they occur.

This report provides a review of the unaudited financial results for FY 2014/15 through the first nine months of the fiscal year. (July 2014 – March 2015, 75% of the fiscal year). The third quarter historical trends for this time period indicate that the City should receive approx. 60% of revenues and 75% of expenditures.

CITYWIDE OPERATING EXPENDITURE SUMMARY

The following table contains a summary of the adopted budget, amended budget and the third quarter expenditures. The totals represent each major fund type and component unit of the City.

Table 1. Citywide Expenditures

Fund/Component Unit	FY 2014/15 Amended Budget	Actuals as of 3/31/2015 (unaudited)	% of Amended Budget
General Fund	\$ 84,728,454	\$ 59,210,202	69.9%
Community Services District	23,422,529	15,427,035	65.9%
Successor Agency	6,895,406	\$ 3,896,650	56.5%
Housing Fund	125,000	8,611	6.9%
Special Revenue Funds	61,648,843	\$ 21,571,874	35.0%
Capital Projects Funds	43,230,720	15,370,437	35.6%
Electric Utility Funds	27,104,028	\$ 19,599,512	72.3%
Internal Service Funds	23,466,064	10,546,055	44.9%
Debt Service Funds	56,361,043	\$ 54,693,085	97.0%
Total	\$ 326,982,087	\$ 200,323,463	61.3%

* Debt Service Funds reflect activities for the 2014 refunding of the 2005 Lease Revenue Bonds.

Actions taken by the City Council subsequent to the June 11, 2013 adoption of the two-year budget have resulted in some important service level enhancements. The significant amendments approved and included in the FY 2014/15 Amended Budget are:

- On October 28, 2014, the City Council approved the FY 2014/15 first quarter budget adjustments which included approx. \$16.5 million in increased expenditures and \$38.9 million in increased revenues. The expenditure items reflected carryovers from the prior fiscal year and new expenditures with offsetting revenues.
- On March 24, 2015, the City Council approved the FY 2014/15 mid-year budget adjustments which included approx. \$735,600 in increased expenditures and \$347,000 in increased revenues. The expenditure items reflected various operational adjustments through the first half of the fiscal year and new expenditures with offsetting revenues.
- Throughout the fiscal year there are also budget amendments to reflect the acceptance of grants and adjustments to contractual services and material/supplies. The individual amendments are reviewed as part of separate City Council agenda items.

The majority of this third quarter update will focus on the General Fund, as it supports all basic services provided to City residents. Highlights for other key component funds will be discussed at a summary level as well.

GENERAL FUND OPERATING

Table 2. General Fund Operations

	FY 2014/15 Amended Budget	Actuals as of 3/31/2015 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 11,083,551	\$ 6,711,376	54.9%
Property Tax in-lieu	14,912,136	7,568,877	
Utility Users Tax	15,912,000	11,211,005	70.5%
Sales Tax	17,638,770	9,145,552	51.8%
Other Taxes	8,266,100	5,761,509	69.7%
Licenses & Permits	1,519,200	1,770,380	116.5%
Intergovernmental	240,000	297,589	124.0%
Charges for Services	9,235,333	6,461,888	70.0%
Use of Money & Property	3,509,325	844,461	24.1%
Fines & Forfeitures	606,500	370,055	61.0%
Miscellaneous	281,400	669,526	237.9%
Total Revenues	\$ 83,204,315	\$ 50,812,218	61.1% (1)
Expenditures:			
Personnel Services	15,612,586	11,188,605	71.7%
Contractual Services	56,303,259	38,754,666	68.8%
Material & Supplies	2,462,967	747,808	30.4%
General Government	-	-	-
Debt Service	-	-	-
Fixed Charges	6,587,474	5,783,193	87.8%
Fixed Assets	99,398	2,596	2.6%
Total Expenditures	\$ 81,065,684	\$ 56,476,867	69.7% (2)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>			
	2,138,631	(5,664,649)	
Transfers:			
Transfers In	1,863,482	742,201	39.8%
Transfers Out	3,662,770	2,733,335	74.6%
Net Transfers	\$ (1,799,288)	\$ (1,991,134)	
Total Revenues & Transfers In	85,067,797	51,554,419	60.6%
Total Expenditures & Transfers Out	84,728,454	59,210,202	69.9%
Net Change of Fund Balance	\$ 339,343	\$ (7,655,783)	

(1) Based on historical averages, Total Revenues & Transfers In are anticipated to be 60%

(2) With nine months recorded for the Fiscal Year, Total Expenditures are anticipated to be 75%

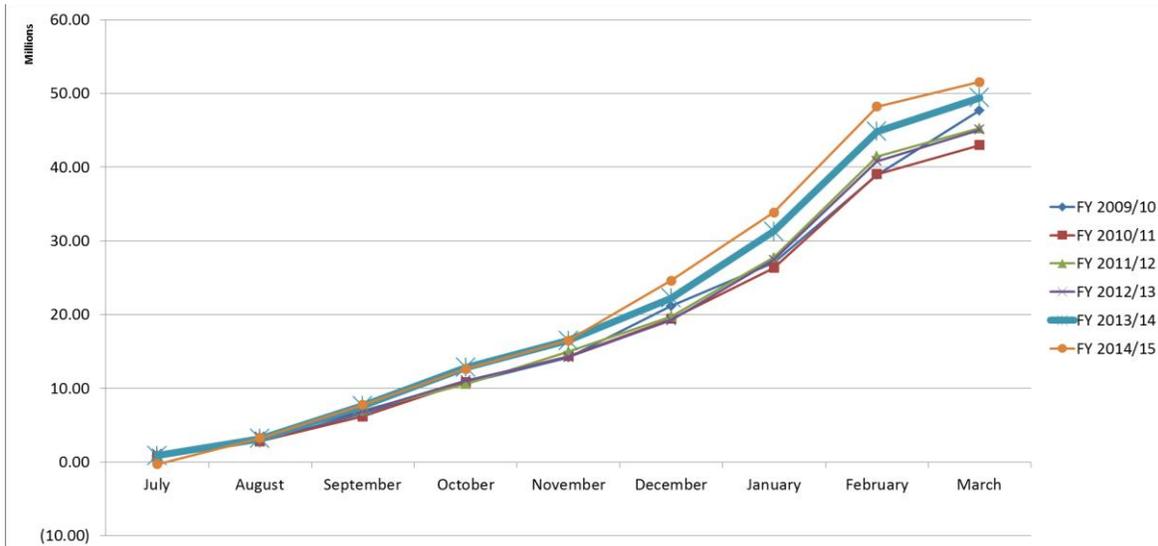
General Fund Operating Revenues

The General Fund is comprised of several revenue types. However, the main sources include property tax, utility users tax, and sales tax. Each of these are affected by different economic activity cycles and pressures.

Table 3. General Fund Revenues

	FY 2014/15 Amended Budget	Actuals as of 3/31/2015 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 11,083,551	\$ 6,711,376	54.9%
Property Tax in-lieu	14,912,136	7,568,877	
Utility Users Tax	15,912,000	11,211,005	70.5%
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Charges for Services	9,235,333	6,461,888	70.0%
Use of Money & Property	3,509,325	844,461	24.1%
Fines & Forfeitures	606,500	370,055	61.0%
Miscellaneous	281,400	669,526	237.9%
Total Revenues	\$ 83,204,315	\$ 50,812,218	61.1%

**Chart 1. General Fund Revenue Trends
(6 Year Trend Through March)**



Property Taxes/Property Taxes In-Lieu

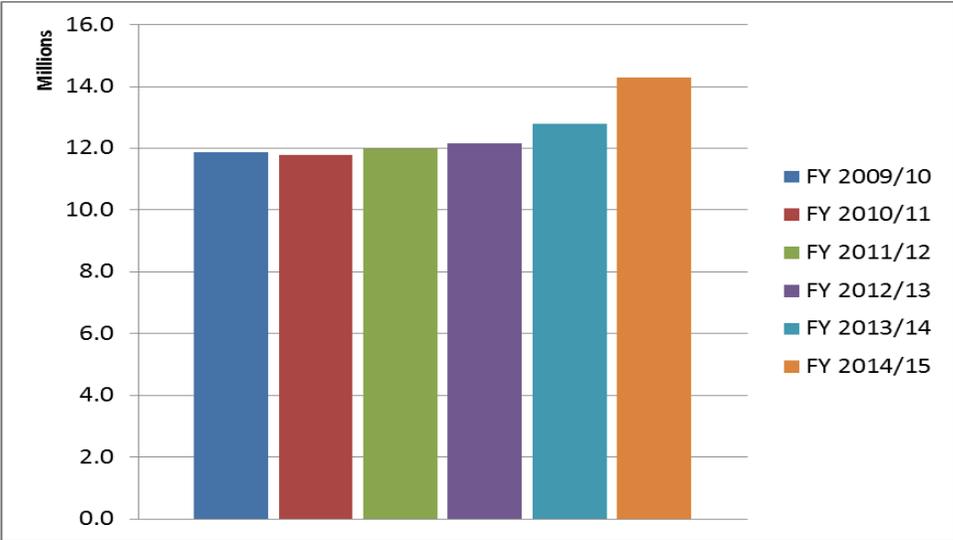
Property taxes were budgeted to increase by 10.7% from the FY 2013/14 Amended Budget. The annual schedule of property tax payments from the County of Riverside will provide payments to the City based on the following estimated schedule:

Secured Property Tax Payment Dates

Settlement 1	January 19-23, 2015
Settlement 2	May 18-22, 2015
Settlement 3	August 3-7, 2015
Teeter Settlement	October 19-23, 2015

Based on historical averages of actual receipts, the City is estimated to receive 52% of the budgeted property tax revenue through the third quarter. The City has currently received 55% through the third quarter. Property taxes will continue to be monitored as property valuations may adjust through the year based on property sales and assessment appeals filed with the County.

Chart 2. General Fund Revenue Trend – Property Taxes/Property Taxes In-Lieu (6 Year Trend Through March)

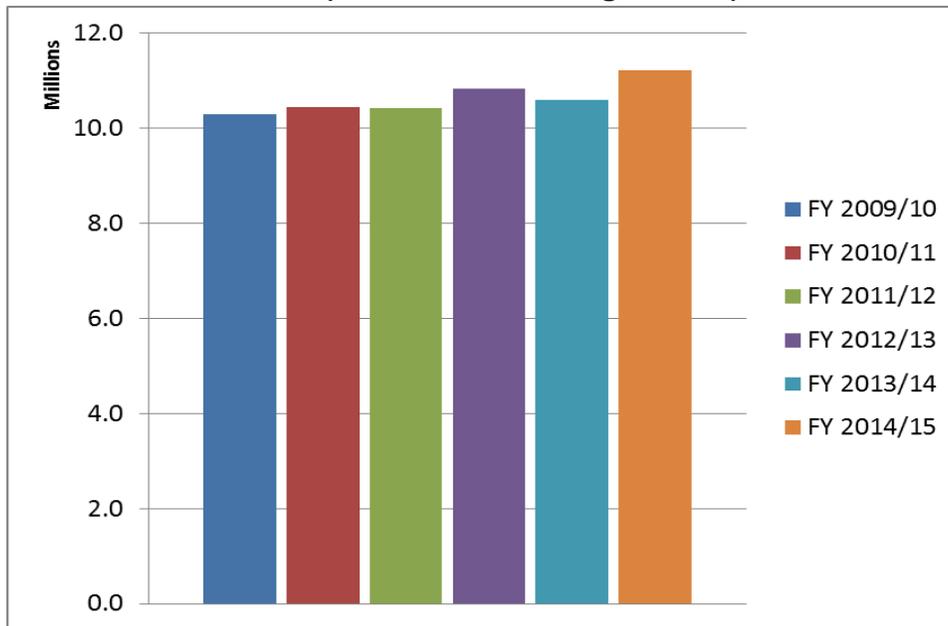


Utility Users Tax

Utility Users taxes were budgeted to decrease 1.3% from the FY 2013/14 Amended Budget. This reduction is primarily due to competitive forces within the communications markets. Both the wireless and wired markets experienced downturns year over year. Based on our discussions with utility tax experts, there are a couple of causes for this trend. First is competition and bundling practices within the market as more small players continue to join the market. Second is the migration of customers from contract plans to prepaid plans. Currently there is no method within the State to capture UUT related to prepaid wireless plans. There is currently legislation in Sacramento trying to address this and close that gap.

Based on historical averages of actual receipts, the City is estimated to receive 66% of the budgeted utility users tax revenue through the third quarter. The City has currently received 70% through the third quarter.

**Chart 3. General Fund Revenue Trend – Utility Users Taxes
(6 Year Trend Through March)**

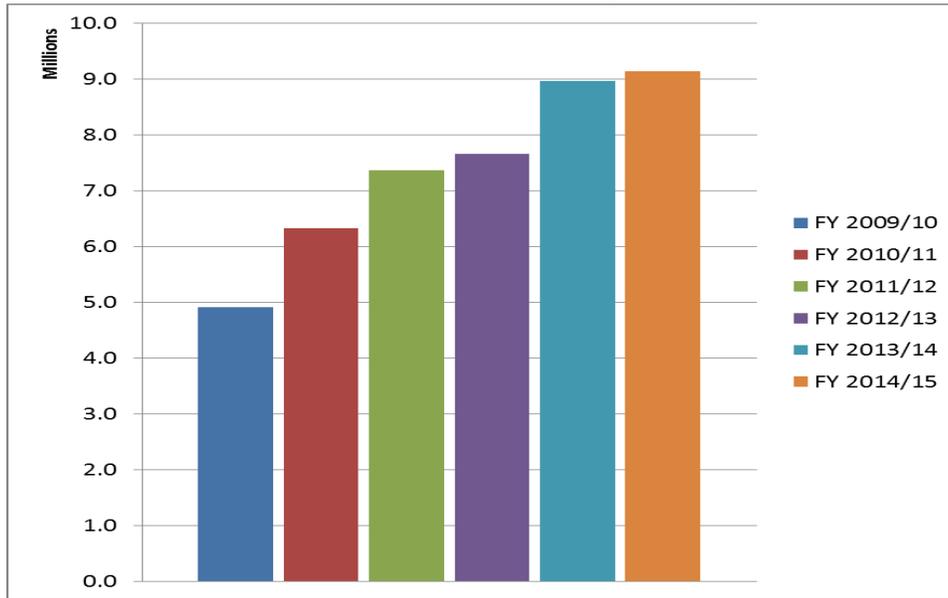


Sales Taxes

Based on the recovering economy and new businesses that began operating in the City, the FY 2014/15 sales tax budget was increased by 13.3%. Sales tax receipts will need to be continually monitored through the year to determine if current trends begin to plateau or begin to decrease.

Based on historical averages of actual receipts, the City is estimated to receive 56% of the budgeted sales tax revenue through the third quarter. The City has currently received 52% through the third quarter.

**Chart 4. General Fund Revenue Trend – Sales Taxes
(6 Year Trend Through March)**

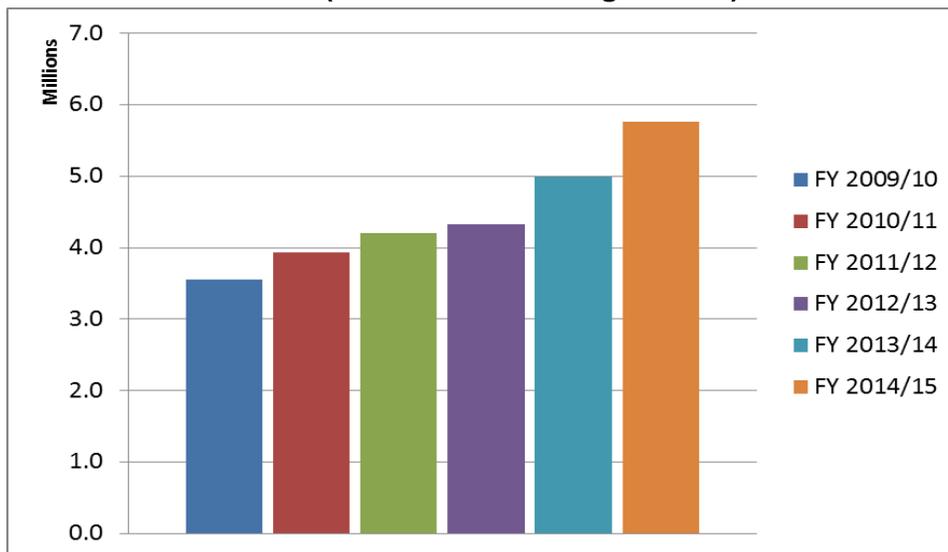


Other Taxes

Other taxes are primarily composed of Business Gross Receipts, Transient Occupancy Tax, Documentary Transfer Tax, and Franchise Fees. Collectively, other taxes were budgeted to increase 3.8% from the FY 2013/14 Amended Budget.

Based on historical averages of actual receipts, the City is estimated to receive 57% of the budgeted Other Taxes revenue through the third quarter. The City has currently received 69% through the third quarter.

**Chart 5. General Fund Revenue Trend – Other Taxes
(6 Year Trend Through March)**

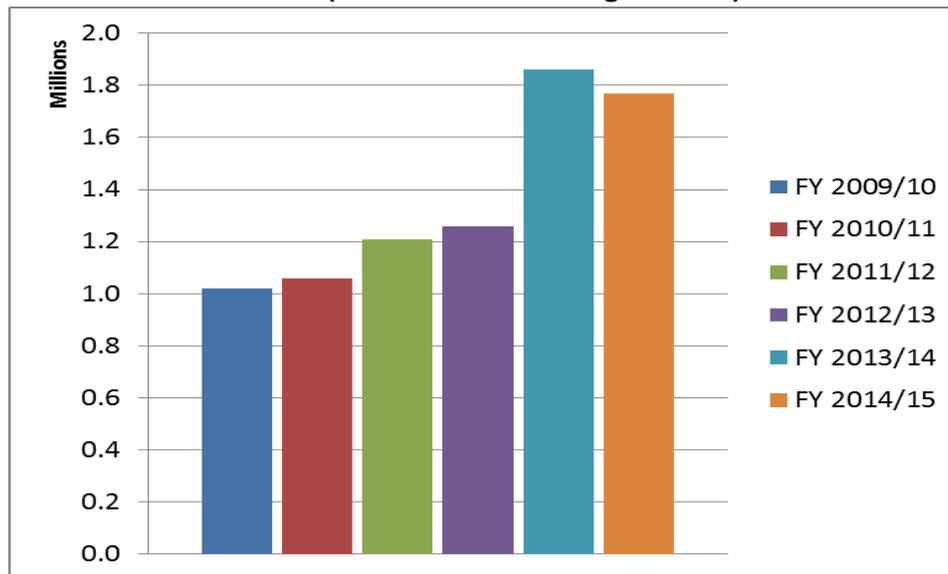


Licenses & Permits

Licenses & Permits are primarily composed of Business and Animal Licenses, along with Building, Electrical, Mechanical, Plumbing and other permits. Collectively, Licenses & Permits were budgeted to decrease 13.9% from the FY 2013/14 Amended Budget.

Based on historical averages of actual receipts, the City is estimated to receive 84% of the budgeted Licenses & Permits revenue through the third quarter. The City has currently received 116% through the third quarter.

**Chart 6. General Fund Revenue Trend – Licenses & Permits
(6 Year Trend Through March)**

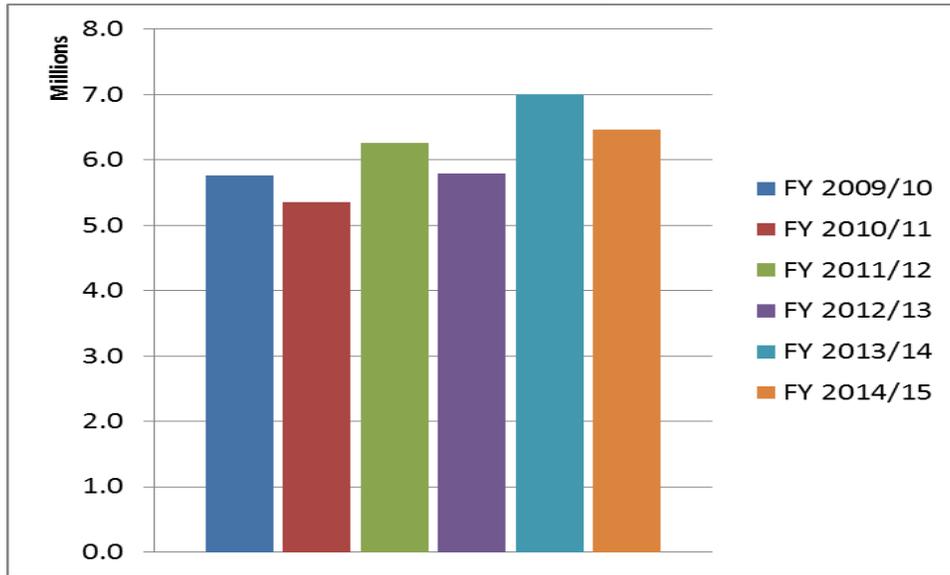


Charges for Services

Charges for Services are primarily composed of Plan Check Fees, Inspection Fees, Administrative Charges to other funds, and Parking Control Fines. Collectively, Charges for Services were budgeted to increase 0.1% from the FY 2013/14 Amended Budget.

Based on historical averages of actual receipts, the City is estimated to receive 70% of the budgeted Charges for Services revenue through the third quarter. The City has currently received 70% through the third quarter.

**Chart 7. General Fund Revenue Trend – Charges for Services
(6 Year Trend Through March)**



Use of Money and Property

Investment income continues to remain low due to extremely low rates of return for fixed income investments. Currently, the Two-year Treasury Note is yielding only 0.56%. Through professional money management firms, the City's two portfolio managers are achieving yields between 1.07% and 1.37% with average durations between 2.05 and 2.61 years. This is a very low rate of return compared to historical experience, but is indicative of how investment income is performing everywhere.

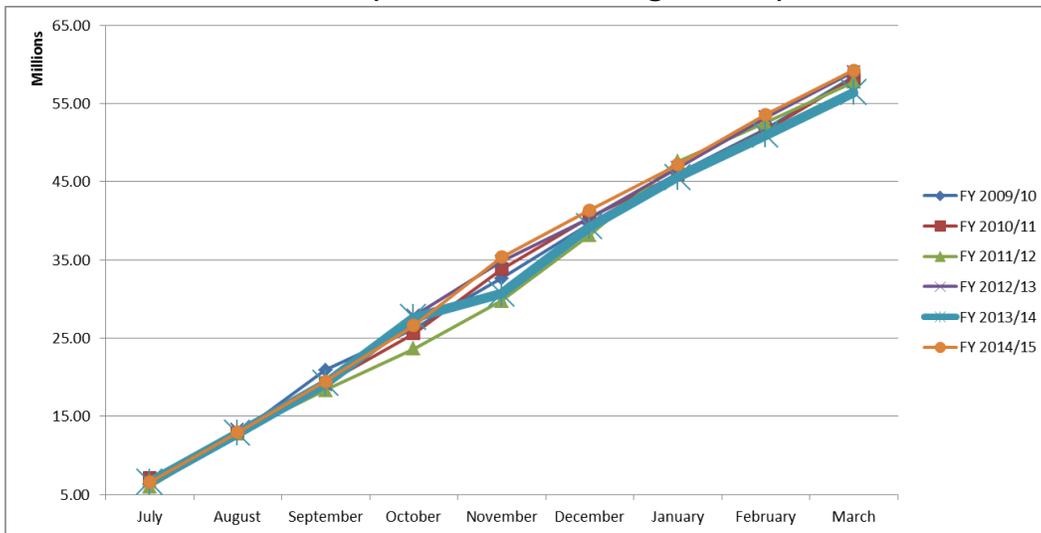
General Fund Expenditures

Expenditures are being spent in-line with prior year expenditures: although the following table does identify an overall reduction due to the expense reductions adopted as part of the FY 2014/15 budget.

Table 4. General Fund Expenditures

Department	FY 2014/15 Amended Budget	Actuals as of 3/31/2015 (unaudited)	% of Amended Budget
City Council	\$ 668,537	\$ 476,744	71.3%
City Clerk	662,185	548,958	82.9%
City Manager	1,888,861	1,280,931	67.8%
City Attorney	854,863	513,349	60.1%
Community & Economic Development	6,034,012	4,111,360	68.1%
Financial & Management Services	3,522,999	2,219,979	63.0%
Administrative Services	3,998,099	2,740,151	68.5%
Public Works	4,724,247	3,042,182	64.4%
Non-Departmental	4,558,088	4,332,565	95.1%
Non-Public Safety Subtotal	26,911,891	19,266,219	71.6%
Public Safety			
Police	39,450,849	27,625,091	70.0%
Fire	18,365,714	12,318,893	67.1%
Public Safety Subtotal	57,816,563	39,943,983	69.1%
Total	\$ 84,728,454	\$ 59,210,202	

**Chart 8. General Fund Expense Trends
(6 Year Trend Through March)**



CONTINUED CHALLENGES AND ITEMS OF NOTE

Preserving a balanced City budget over the next several years will require the same level of vigilance and strategic planning which produced the budget. While focusing significant energy

to attract and retain local businesses, the City will also contend with fiscal pressures associated with:

- A General Fund subsidy for street lights of approximately \$1 million annually, along with the impacts of future SCE rate increases;
- Continued cost increases levied by the County for contract law enforcement services;
- Projected cost increases for contract Fire protection;
- Anticipated pension cost increases, exacerbated by revisions to CalPERS rate methodology which had previously smoothed rate increases over longer periods;
- The General Fund's obligation to guarantee debt service payments on the police and fire facilities;
- Reinstating the employee merit increases and the funding of accrued leave balances;
- The restoration of funding for deferred infrastructure maintenance and vehicle replacements during the fiscal downturn.

The City Council's resolve as demonstrated during the budget cycle, along with engaged managers throughout the City organization and a collaborative relationship with our employees should continue to serve us well to successfully address these challenges ahead.

OTHER KEY FUNDS

The following summaries describe other major funds in the City.

Moreno Valley Community Services District

The Moreno Valley Community Services District (CSD) was formed by the voters in 1984 to collect fees and certain taxes to provide an array of services including parks, recreation and community services, streetlights, landscaping and ongoing maintenance. The CSD provides these services through separate "zones", Community Facilities Districts, and Landscape Maintenance Districts that define the services that are provided.

For certain service areas, the primary revenue source used to provide services to properties is parcel fees or taxes levied on properties via their annual tax bill. Proposition 218, passed by California voters in November 1996, has posed a serious challenge to managing the future operation of the CSD zones. Prop. 218 requires any revenue increase to be addressed through a voting process by affected property owners. For a period following the initial implementation of Prop. 218, the CSD was successful in receiving approval for some new or increased revenues. There were also revenue increases due to the growth of developed parcels within the zones. However, due to cost increases that exceed any offsetting increases in the revenues over the past years, and the recent economic downturn slowing new parcel growth, property owners have been resistant to efforts to fully fund service levels.

Table 5. CSD Operations**Community Services District**

	FY 2014/15 Amended Budget	Actuals as of 3/31/2015 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 3,884,148	\$ 2,323,129	59.8%
Other Taxes	6,358,616	3,329,167	52.4%
Charges for Services	5,824,562	3,318,949	57.0%
Use of Money & Property	646,351	527,843	81.7%
Fines & Forfeitures	50,000	25,598	51.2%
Miscellaneous	20,100	15,825	78.7%
Transfers In	5,857,894	5,022,197	85.7% (1)
Total Revenues	22,641,671	14,562,709	64.3%
Expenditures:			
Library Services Fund (5010)	\$ 1,753,611	\$ 1,321,362	75.4%
Zone A Parks Fund (5011)	9,072,057	5,986,085	66.0%
Zone A Parks - Restricted Assets Fund (5211)	345,626	-	0.0%
CFD No. 1 (5113)	1,648,707	926,955	56.2%
LMD 2014-01 Street Lighting Fund (5012)	1,627,780	1,008,972	62.0%
LMD 2014-02 Landscape Fund (5014)	2,404,405	1,173,576	48.8%
CFD 2014-01	5,700	1,060	18.6%
Zone C Arterial Street Lighting Fund (5110)	960,571	593,503	61.8%
Zone D Standard Landscaping Fund (5111)	1,238,148	629,700	50.9%
Zone E Extensive Landscaping Fund (5013)	3,986,975	3,604,583	90.4% (1)
Zone M Median Fund (5112)	283,194	147,105	51.9%
Zone S (5114)	95,755	34,136	35.6%
Total Expenditures	23,422,529	15,427,035	65.9%
Net Change or Adopted Use of Fund Balance	\$ (780,858)	\$ (864,326)	

(1) Includes a one time transfer of \$3.5 million from Zone E (Fund 5013) to LMD 2014-02 (Fund 5014)

Community Services District Zone A – Parks & Community Services

The largest Zone within the CSD is Zone A. It accounts for the administration and maintenance of the Parks & Community Services facilities and programs. Funding sources for these services come from a combination of property taxes, fees for service and smaller amounts from other City funds.

Table 6. CSD Zone A Operations
Community Services District - Zone A

	FY 2014/15 Amended Budget	Actuals as of 3/31/2015 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 2,022,318	\$ 1,198,709	59.3%
Other Taxes	4,900,000	2,581,240	52.7%
Charges for Services	1,045,507	757,147	72.4%
Use of Money & Property	616,300	469,542	76.2%
Miscellaneous	18,100	8,230	45.5%
Transfers In	639,762	230,625	36.0%
Total Revenues	9,241,987	5,245,493	56.8%
Expenditures:			
35010 Parks & Comm Svcs - Admin	\$ 793,006	\$ 351,488	44.3%
35210 Park Maintenance - General	3,111,955	1,929,480	62.0%
35211 Contract Park Maintenance	452,292	182,602	40.4%
35212 Park Ranger Program	367,233	286,598	78.0%
35213 Golf Course Program	375,414	210,020	55.9%
35214 Parks Projects	188,421	135,104	71.7%
35310 Senior Program	612,483	411,839	67.2%
35311 Community Services	177,887	132,443	74.5%
35312 Community Events	224,384	75,731	33.8%
35313 Conf & Rec Cntr	584,054	362,637	62.1%
35314 Conf & Rec Cntr - Banquet	349,077	246,201	70.5%
35315 Recreation Programs	1,304,736	862,612	66.1%
35317 July 4th Celebration	152,414	84,560	55.5%
35318 Sports Programs	384,345	-	0.0%
35319 Towngate Community Center	40,335	-	0.0%
95011 Non-Dept Zone A Parks	299,647	287,034	95.8%
Total Expenditures	9,417,683	5,558,349	59.0%
Net Change or Adopted Use of Fund Balance	\$ (175,696)	\$ (312,856)	

Electric Utility

The Moreno Valley Utility (MVU) manages the operation, maintenance and business planning of the City's electric utility. MVU's basic purpose is to provide reliable electric service to customers in newly developed areas of the City. The City began serving new customers in February 2004, and now serves more than 5,600 customers. As it reaches fiscal and operational maturity, MVU will continue to be a key component of the City's economic development strategy. The City Council has established special tiered economic development rates for large electric utility commercial customers based upon factors such as the number of jobs created.

The main revenue source for this fund is derived from charges for services. The customer base includes residential, commercial and industrial customers. The growth in customer base will continue to provide for the ability to create rate stabilization and replacement reserve funding.

Table 7. MVU Operations

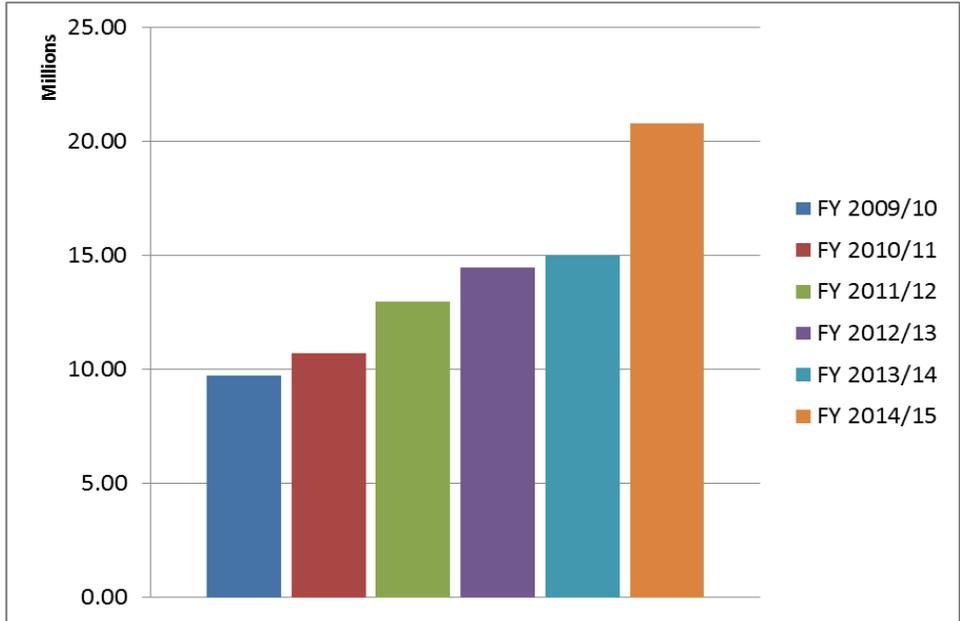
	FY 2014/15 Amended Budget	Actuals as of 3/31/2015 (unaudited)	% of Amended Budget
Revenues:			
Charges for Services	\$ 25,644,058	\$ 20,681,624	80.6%
Use of Money & Property	80,500	58,235	72.3%
Miscellaneous	121,878	62,148	51.0%
Total Revenues	25,846,436	20,802,007	80.5%
Expenditures:			
45510 Electric Utility - General	\$ 17,259,233	\$ 11,723,819	67.9%
45511 Public Purpose Program	2,868,789	1,789,554	62.4%
45520 2007 Taxable Lease Rev Bonds	1,830,995	666,498	36.4%
45530 2005 Lease Revenue Bonds	3,167,159	3,167,003	100.0% (1)
80005 CIP - Electric Utility	1,791,748	2,142,618	119.6%
96010 Non-Dept Electric	-	8,021	
96031 Non-Dept 2013 Refunding 2005 LRB	131,104	102,000	77.8%
96032 Non-Dept 2014 Refunding 2005 LRB	55,000	-	0.0%
Total Expenditures	27,104,028	19,599,512	72.3%
Net Change or Adopted Use of Fund Balance			
	\$ (1,257,592)	\$ 1,202,495	

(1) Reflect activities for the 2014 refunding of the 2005 Lease Revenue Bonds.

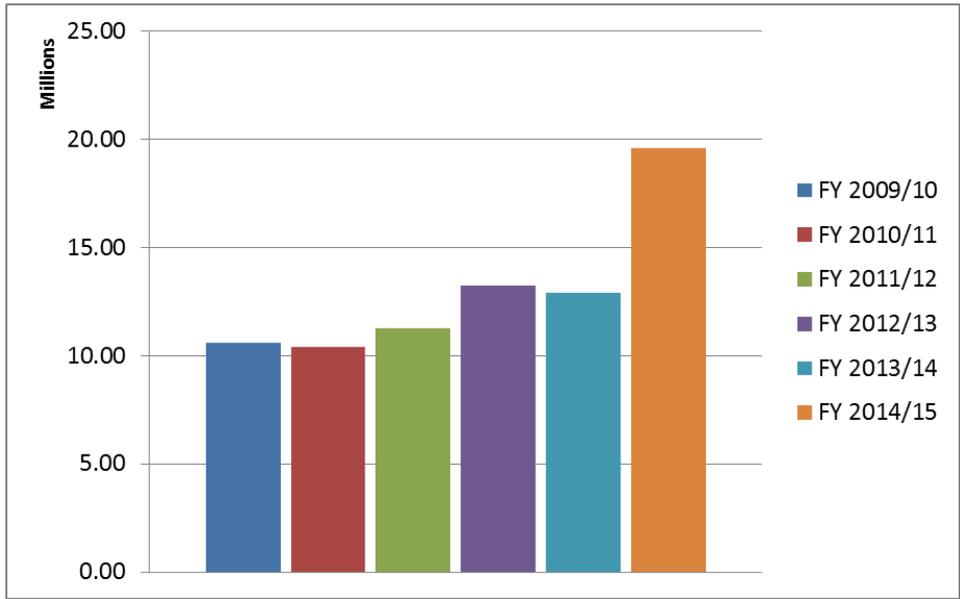
MVU's revenues and expenses will fluctuate annually based on energy demands. Future projections are based on the comprehensive cost of service studies, which examine the impacts of:

- The cost of power supply
- State mandated targets for renewable energy purchases and greenhouse gas emission reductions
- Demand fluctuations
- Solar generation
- Energy efficiency programs

**Chart 9. MVU Revenue Trends
(6 Year Trend Through March)**



**Chart 10. MVU Expense Trends
(6 Year Trend Through March)**



SUMMARY

The City of Moreno Valley is on the path toward recovery following the Great Recession; unlike most other cities in this region, our FY 2014/15 Adopted Budget was fully balanced without the use of reserves.

Although the City has experienced positive results in some areas through FY 2013/14 and through FY 2014/15 to date, the City should remain cautiously optimistic as we proceed through the fiscal year.

As positive fund balances begin to grow, we will bring back to the City Council for discussion options to address the other challenges and unfunded liabilities, as well as examining the reserve fund balances held by the City.

RESOLUTION NO. 2015-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ADOPTING THE REVISED OPERATING BUDGETS FOR FISCAL YEAR 2014/15

WHEREAS, the City Council approved the Operating Budget for the City for Fiscal Year 2014/15, a copy of which, as may have been amended by the City Council, is on file in the Office of the City Clerk and is available for public inspection; and

WHEREAS, the City Manager has heretofore submitted to the City Council proposed amendments to the Operating Budgets for the City for Fiscal Year 2014/15, a copy of which, as may have been amended by the City Council, is on file in the Office of the City Clerk and is available for public inspection; and

WHEREAS, the said proposed amendments to the Operating Budgets contain estimates of the services, activities and projects comprising the budget, and contain expenditure requirements and the resources available to the City; and

WHEREAS, the said proposed amendments to the Operating Budgets contain the estimates of uses of fund balance, if required, to stabilize the delivery of City services during periods of operational deficits; and

WHEREAS, the amended Operating Budgets, as herein approved, will enable the City Council to make adequate financial plans and will ensure that City officers can administer their respective functions in accordance with such plans.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

1. The Proposed Amendments to the Operating Budgets, as shown on Exhibits A and B to this Resolution and as on file in the Office of the City Clerk, and as may have been amended by the City Council, is hereby approved and adopted as part of the Annual Operating Budgets of the City of Moreno Valley for the Fiscal Year 2014/15.
2. The Proposed Amendments to Position Control included within the staff report which shall amend the Position Control Roster on file in the Office of the City Clerk and as may have been amended by the City Council, is hereby adopted as part of the Approved Position Control of the City of Moreno Valley for the Fiscal Year 2014/15.
3. The amounts of proposed expenditures, which may include the uses of fund

balance specified in the approved budget, are hereby appropriated for the various budget programs and units for said fiscal years.

4. Within fifteen (15) days after the adoption of this Resolution, the City Clerk shall certify to the adoption hereof and, as so certified, cause a copy to be posted in at least three (3) public places within the City.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED this 26th day of May, 2015.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

RESOLUTION JURAT

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF MORENO VALLEY)

I, Jane Halstead, City Clerk of the City of Moreno Valley, California, do hereby certify that Resolution No. 2015-36 was duly and regularly adopted by the City Council of the City of Moreno Valley at a regular meeting thereof held on the 26th day of May, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(Council Members, Mayor Pro Tem and Mayor)

CITY CLERK

(SEAL)

RESOLUTION NO. HA 2015-02

A RESOLUTION OF THE MORENO VALLEY HOUSING AUTHORITY OF THE CITY OF MORENO VALLEY, CALIFORNIA, ADOPTING THE REVISED OPERATING BUDGET FOR FISCAL YEAR 2014/15

WHEREAS, the Chairman and Commissioners of the Moreno Valley Housing Authority approved the Operating Budget for the City for Fiscal Year 2014/15, a copy of which, as may have been amended by the Commissioners, is on file in the Office of the City Clerk and is available for public inspection; and

WHEREAS, the City Manager has heretofore submitted to the Chairman and Commissioners of the Moreno Valley Housing Authority proposed amendments to the Operating Budget for the Authority for Fiscal Year 2014/15, a copy of which, as may have been amended by the Housing Authority's Board of Directors, is on file in the Office of the City Clerk and is available for public inspection; and

WHEREAS, the said proposed amendments to the Operating Budget contains estimates of the services, activities and projects comprising the budget, and contains expenditure requirements and the resources available to the Housing Authority; and

WHEREAS, the said proposed amendments to the Operating Budget contains the estimates of uses of fund balance as required to stabilize the delivery of Housing Authority services; and

WHEREAS, the Chairman and Commissioners have made such revisions to the proposed amended Operating Budget as so desired; and

WHEREAS, the amended Operating Budget, as herein approved, will enable the Housing Authority to make adequate financial plans and will ensure that Housing Authority officers can administer their respective functions in accordance with such plans.

NOW, THEREFORE, THE MORENO VALLEY HOUSING AUTHORITY OF THE CITY OF MORENO VALLEY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

1. The proposed amendments to the Operating Budget, as Exhibits A and B to this Resolution and as on file in the Office of the City Clerk, and as may have been amended by the Chairman and Commissioners, is hereby approved and adopted as the annual Operating Budget of the Moreno Valley Housing Authority for the Fiscal Year 2014/15.
2. The amounts of proposed expenditures, which include the uses of fund balance specified in the approved budget, are hereby appropriated for the

various budget programs and units for said fiscal year.

3. Within fifteen (15) days after the adoption of this Resolution, the City Clerk shall certify to the adoption hereof and, as so certified, cause a copy to be posted in at least three (3) public places within the City.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED this 26th day of May, 2015.

Mayor of the City of Moreno Valley,
Acting in the capacity of Chairman of the
Moreno Valley Housing Authority

ATTEST:

City Clerk, acting in the capacity of
Secretary of the Moreno Valley
Housing Authority

APPROVED AS TO FORM:

City Attorney, acting in the capacity
of General Counsel of the Moreno
Valley Housing Authority

RESOLUTION JURAT

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF MORENO VALLEY)

I, Jane Halstead, Secretary of the Moreno Valley Housing Authority of the City of Moreno Valley, California, do hereby certify that Resolution No. HA 2015-02 was duly and regularly adopted by the Commissioners of the Moreno Valley Housing Authority at a regular meeting thereof held on the 26th day of May, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(Agency Members, Vice Chairman and Chairman)

SECRETARY

(SEAL)

Exhibit A
FY 2014/15 Recommended General Fund Budget Changes

REVENUES

	FY 2014/15 Amended Budget Amount	Proposed Adjustments	Explanation	FY 2014/15 Revised Budget Amount
	\$ 85,067,797	\$ 373,504	County property tax settlement	\$ 85,441,301
		274,830	Transfer in from equipment replacement fund	
	\$ 85,067,797	\$ 648,334		\$ 85,716,131

EXPENDITURES

Department	FY 2014/15 Amended Budget Amount	Proposed Adjustments	Explanation	FY 2014/15 Revised Budget Amount
City Council	\$ 668,537	\$ -	N/A	\$ 668,537
City Clerk	662,185	-	N/A	662,185
City Manager	1,888,861	-	N/A	1,888,861
City Attorney	854,863	-	N/A	854,863
Community & Economic Development	6,034,012	-	N/A	6,034,012
Finance & Management Services	3,522,999	87,000	Purchase/replacement of public safety cameras	3,609,999
Administrative Services	3,998,099	33,188	Correcting adjustment	4,031,287
Public Works	4,724,247	-	N/A	4,724,247
Non-Departmental	4,558,088	373,504	Transfer to Fund 7310 for facilities repairs	4,799,792
		118,200	Transfer to Fund 3005 for completion of Sunnymead Fire Station 48 improvements	
		(750,000)	Increase to vacancy factor based on year end projections	
		500,000	Transfer to Fund 7610 to fund compensated absences liability	
Non-Public Safety Subtotal	\$ 26,911,891	\$ 361,892		\$ 27,273,783
Public Safety				
Police	39,450,849	187,830	Equipment purchases - public safety cameras	39,138,679
		(500,000)	Increase to vacancy factor based on year end projections	
Fire	18,365,714	(118,200)	Increase to vacancy factor based on year end projections	18,247,514
Public Safety Sub-Total	\$ 57,816,563	\$ (430,370)		\$ 57,386,193
TOTAL	\$ 84,728,454	\$ (68,478)		\$ 84,659,976

Exhibit B
FY 2014/15 Recommended Non General Fund Budget Changes

Fund/Name	FY 2014/15 Amended Budget	Proposed Adjustment	Description	FY 2014/15 Revised 3RD QTR Budget
2006 SPEC DIST ADMIN				
Revenue	\$ 928,966	(116,163)	Loan repayment from MVU	\$ 812,803
2017 ENERGY EFFICIENCY REVOLVING FUND				
Expenses	\$ -	45,856	Transfer Out for replacement of exterior lighting	\$ 45,856
2507 NEIGHBORHOOD STABILIZATION PROG				
Expenses	\$ 5,700,000	4,379	Adjustment from Housing Authority	\$ 5,704,379
3002 PW GENERAL CAPITAL PROJECTS				
Revenue	\$ 2,465,520	(12,100)	Reduced revenues from Warner Ranch AD	\$ 2,453,420
3005 FIRE SERVICES CAPITAL				
Revenue	\$ -	118,200	Transfer In - Fire Station 48 (Sunnymead Ranch) remodel	\$ 118,200
Expenses	669,496	118,200	Fire Station 48 (Sunnymead Ranch) remodel	787,696
3451 WARNER RANCH ASDST				
Expenses	\$ 13,674	(13,674)	Assessment district completed. Close out accounts	-
4011 ASSMT DIST 98-1 DEBT SERVICE				
Revenue	\$ 2,800	(2,800)	Assessment district completed. Close out accounts	\$ -
Expenses	2,800	(2,800)	Assessment district completed. Close out accounts	-
6010 ELECTRIC				
Expenses	\$ 19,295,322	(147,632)	Loan repayment to Special Districts and Successor Agency	\$ 19,147,690
7310 FACILITIES MAINTENANCE				
Revenue	\$ 4,530,351	419,360	Transfer In from Funds 2017 & 1010 to repair roofs, HVAC and external lighting at City facilities.	\$ 4,949,711
Expenses	4,464,808	820,856	Roof replacement at CRC & PSB, HVAC repairs at Golf Course and Library, and exterior lighting projects.	5,285,664
7510 EQUIPT REPLACEMENT RESERVE				
Revenue	\$ 1,746,502	228,383	Adjusting budget to match revenues	\$ 1,974,885
Expenses	3,847,634	274,830	Transfer out for the for police equipment/cameras.	4,122,464
7610 COMPENSATED ABSENCES				
Revenue	\$ 644,462	500,000	Additional contribution to begin to fund unfunded liability.	\$ 1,144,462
8884 HOUSING AUTHORITY				
Revenue	\$ 97,000	4,379	Adjustment to NSP	\$ 101,379

CLASS SPECIFICATION
Management Aide

GENERAL PURPOSE

Under general supervision, performs assigned routine administrative, financial, and statistical work in support of City and departmental activities, functions and programs; and performs related duties as assigned.

DISTINGUISHING CHARACTERISTICS

Management Aide perform paraprofessional analytical and routine management support work assignments or assist others in performing more difficult analytical work in support of department functions, programs, goals and objectives.

Management Aide is distinguished from Management Assistant in that incumbents in the latter class perform more difficult research assignments involving gathering and interpretation of data from multiple sources on issues of significant impact and importance, while exercising sound judgment in formulating study approach and analytical techniques necessary to achieve expected study results.

ESSENTIAL DUTIES AND RESPONSIBILITIES

The duties listed below are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to this class.

1. Performs research and analysis on administrative, fiscal and operational matters as directed; prepares reports to summarize findings and makes recommendations as to appropriate action to be taken.
2. Compiles data and prepares reports in accordance with general guidelines.
3. Assists in budget preparation, analysis and administration; as directed, performs audits and/or maintains records of account activity.
4. Participates in the preparation and revision of manuals and other administrative materials; provides administrative assistance in the implementation of new administrative procedures.
5. Responds to inquiries and provides technical and administrative assistance to resolve complaints, or refers complaints to appropriate authority.
6. Operates a computer to key data, perform file maintenance and generate computer reports; may initiate or prepare correspondence in the performance of assigned tasks.

7. Coordinates activities with other City departments in the performance of assigned tasks; assists others in the performance of related tasks.

OTHER DUTIES

1. Performs a variety of department-specific program activities to accomplish work goals and objectives, including: conducting research on potential grant-funding opportunities; maintaining and compiling program attendance and verifying program eligibility; completing regular and periodic routine reports; verifying and tracking fee payments; overseeing and monitoring vendor account expenditures; and other activities of equivalent scope and difficulty.
2. Develops and utilizes basic spreadsheets, databases and other computer applications to assist with assigned studies, projects and reports.

QUALIFICATIONS

Knowledge of:

1. Methods and techniques of research, statistical analysis and report preparation.
2. Principles, practices and methods of municipal budget preparation.
3. General office procedures.
4. Principles and practices of sound business communication.
5. Basic principles and practices of public administration.

Ability to:

1. Perform specialized, technical and routine administrative tasks.
2. Conduct research, perform analysis and prepare reports of findings.
3. Interpret and apply relevant laws, regulations, ordinances and policies.
4. Communicate effectively, orally and in writing.
5. Maintain files, records and documentation.
6. Establish and maintain effective working relationships with department managers and staff, staff of other departments, representatives of other governmental agencies, developers, consultants, property owners, the public and others encountered in the course of work.

Education, Training and Experience:

A typical way of obtaining the knowledge, skills and abilities outlined above is graduation from a two-year college with major coursework in finance, public or business administration or a closely related field; and at least one year of paraprofessional experience performing administrative, operations, budgetary and similar analyses; or an equivalent combination of training and experience. Experience in a governmental agency is preferred.

Licenses; Certificates; Special Requirements:

A valid California driver's license and the ability to maintain insurability under the City's vehicle insurance policy.

PHYSICAL AND MENTAL DEMANDS

The physical and mental demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this class. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Physical Demands

While performing the duties of this job, employees are regularly required to sit; talk or hear, both in person and by telephone; use hands to finger, handle and feel computers and standard business equipment; and reach with hands and arms. The employee is frequently required to stand and walk.

Specific vision abilities required by this job include close vision and the ability to adjust focus.

Mental Demands

While performing the duties of this class, incumbents are regularly required to use written and oral communication skill; read and interpret data, information and documents; analyze and solve problems; observe and interpret people and situations; use math and mathematical reasoning; learn and apply new information or skills; perform highly detailed work under changing, intensive deadlines, on multiple concurrent tasks; work with constant interruptions; and interact with all levels of management, employees, the public and others encountered in the course of work.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this class. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee works under typical office conditions and the noise level is usually quiet.

CITY OF MORENO VALLEY: THIRD QUARTER BUDGET REVIEW

PRESENTATION BY: Michelle Dawson, City Manager
Richard Teichert, Chief Financial Officer
Marshall Eyerman, Financial Resources Division Manager

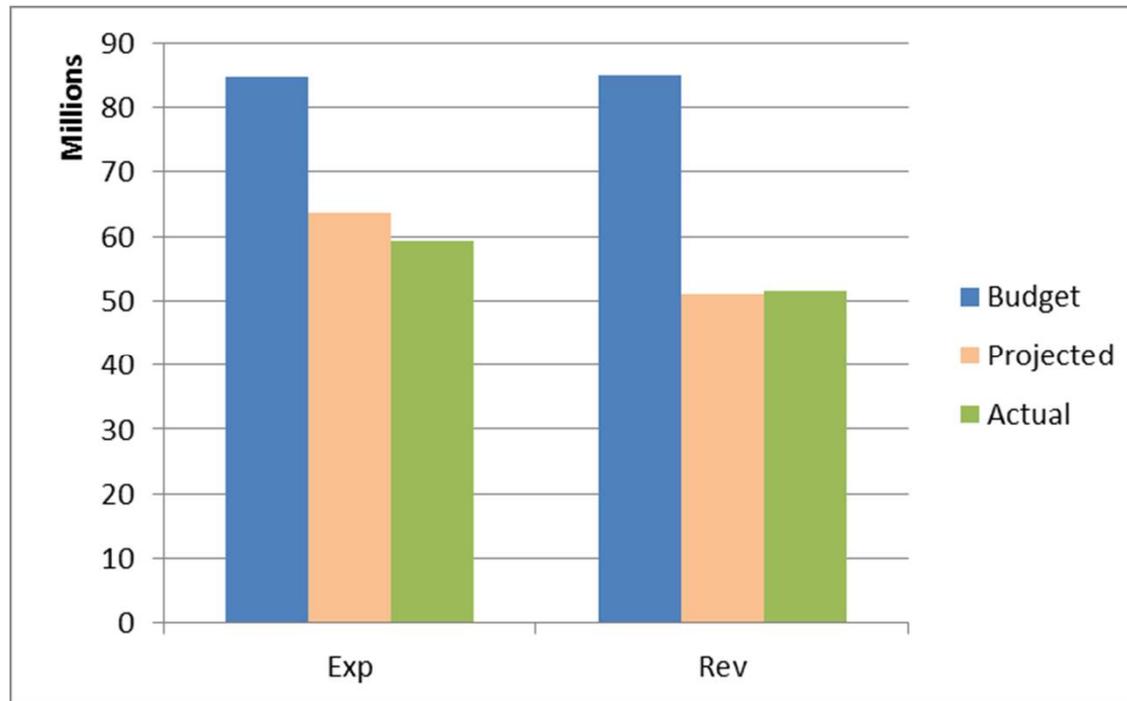


Summary

- Two Year Budget (FY 13/14 & 14/15)
- Adopted with General Fund balanced
- Revenues & Expenses on track
- Development on the upswing
- Challenges remain

Summary

Overall General Fund Operating Expenses & Revenues meeting third quarter projections



Summary

At 75% of the year:

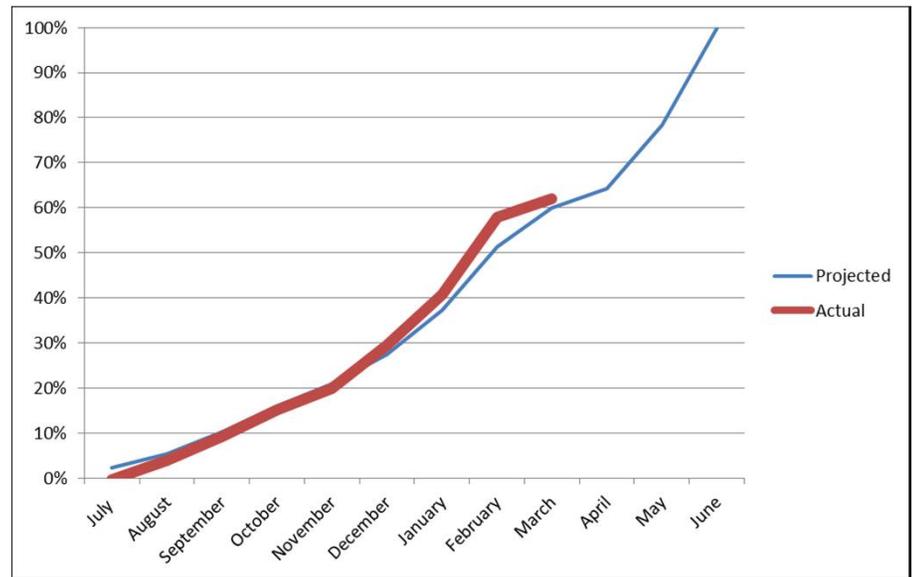
- Overall expenses should be close to 75%
- Some expenses vary
 - Debt Service, Capital Projects
- Some revenue receipts vary
 - Property Tax receipts in May
- Gen. Fund revenue target: ~60%

Summary

- Revenues continue to grow as predicted
- Some service levels restored during fiscal year
- Gen. Fund budget remains balanced

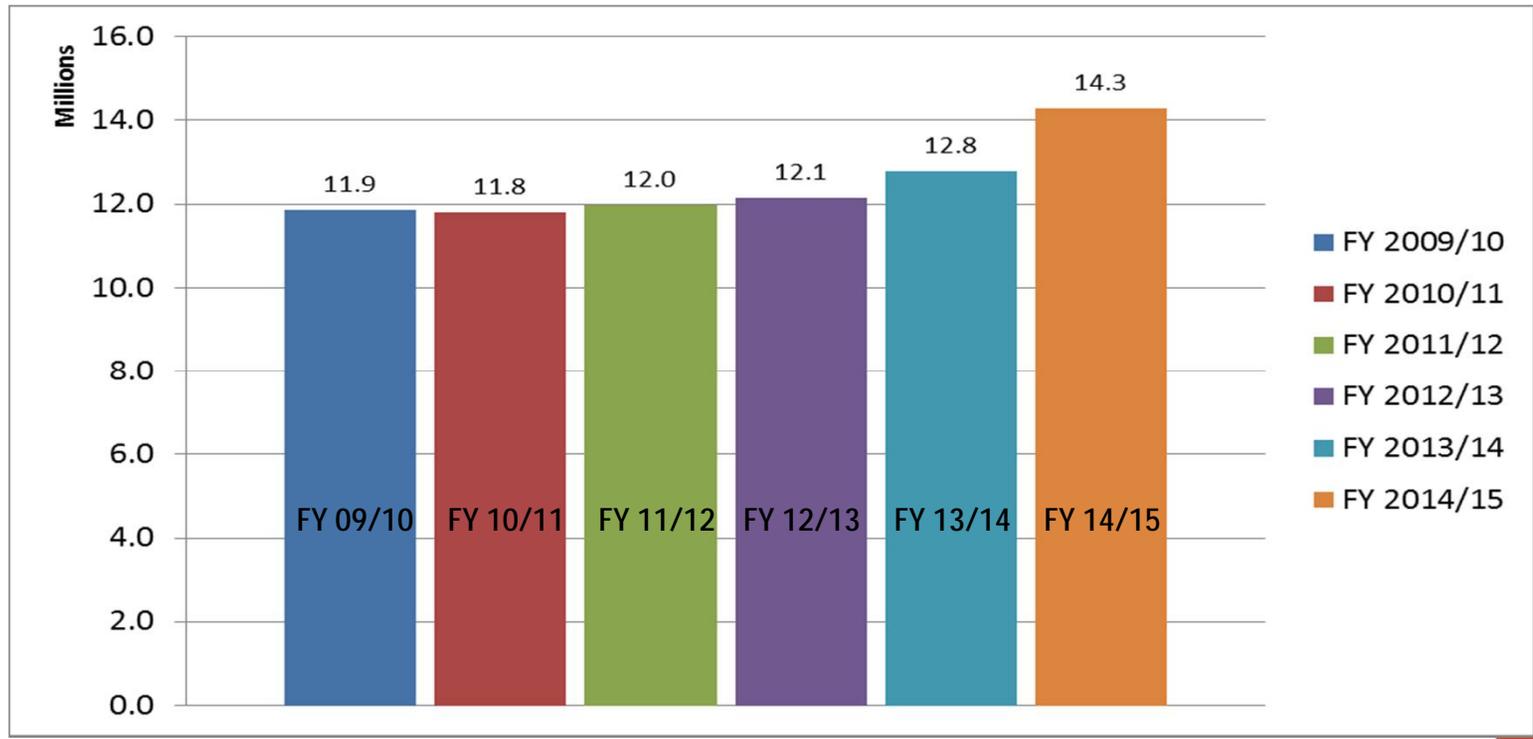
General Fund Revenues

- Revenues in-line with projections
- General Fund Revenue Budget: \$85M
- Mar. 31 Receipts: \$51.5M (= 61%)



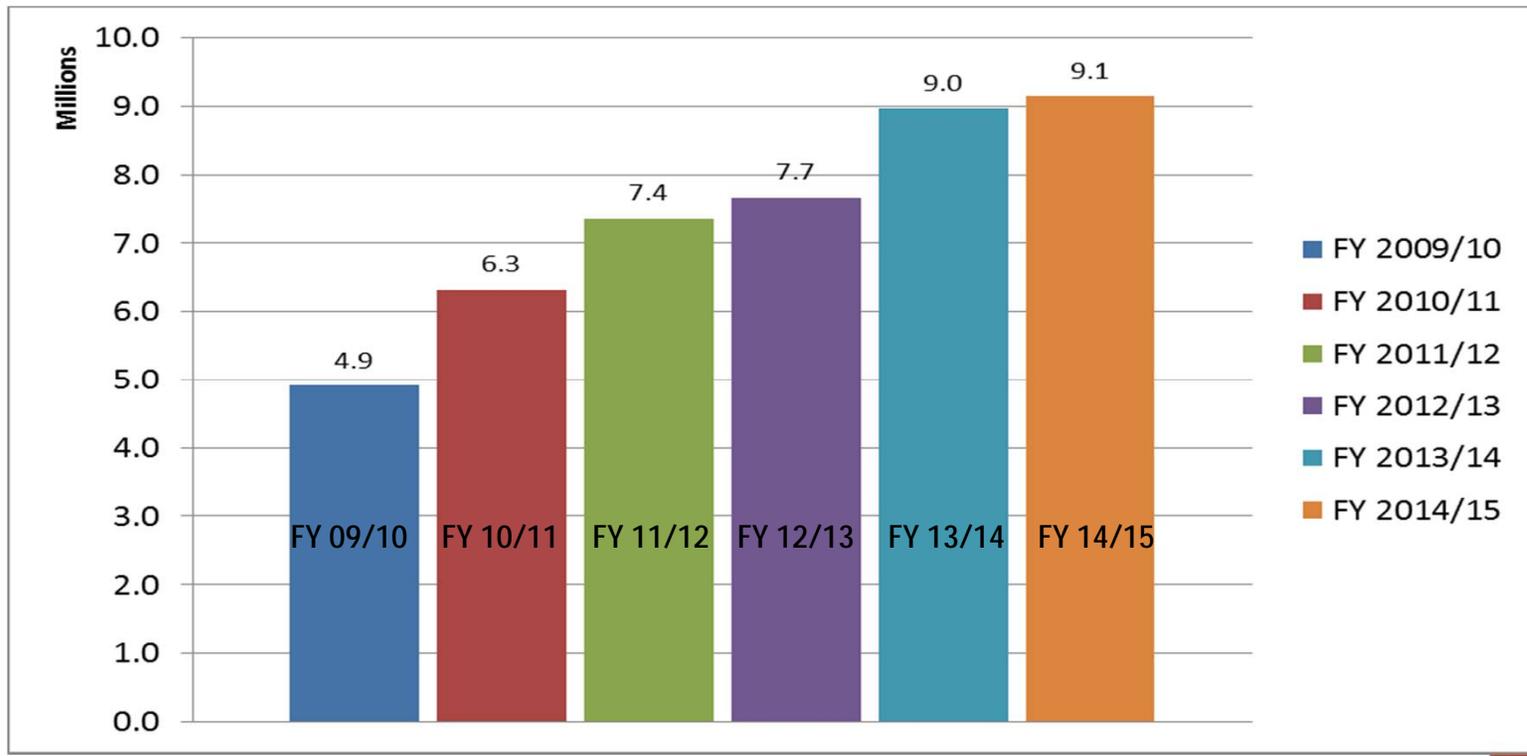
General Fund – Six Year Revenue Trend

- Property Tax at Third Quarter



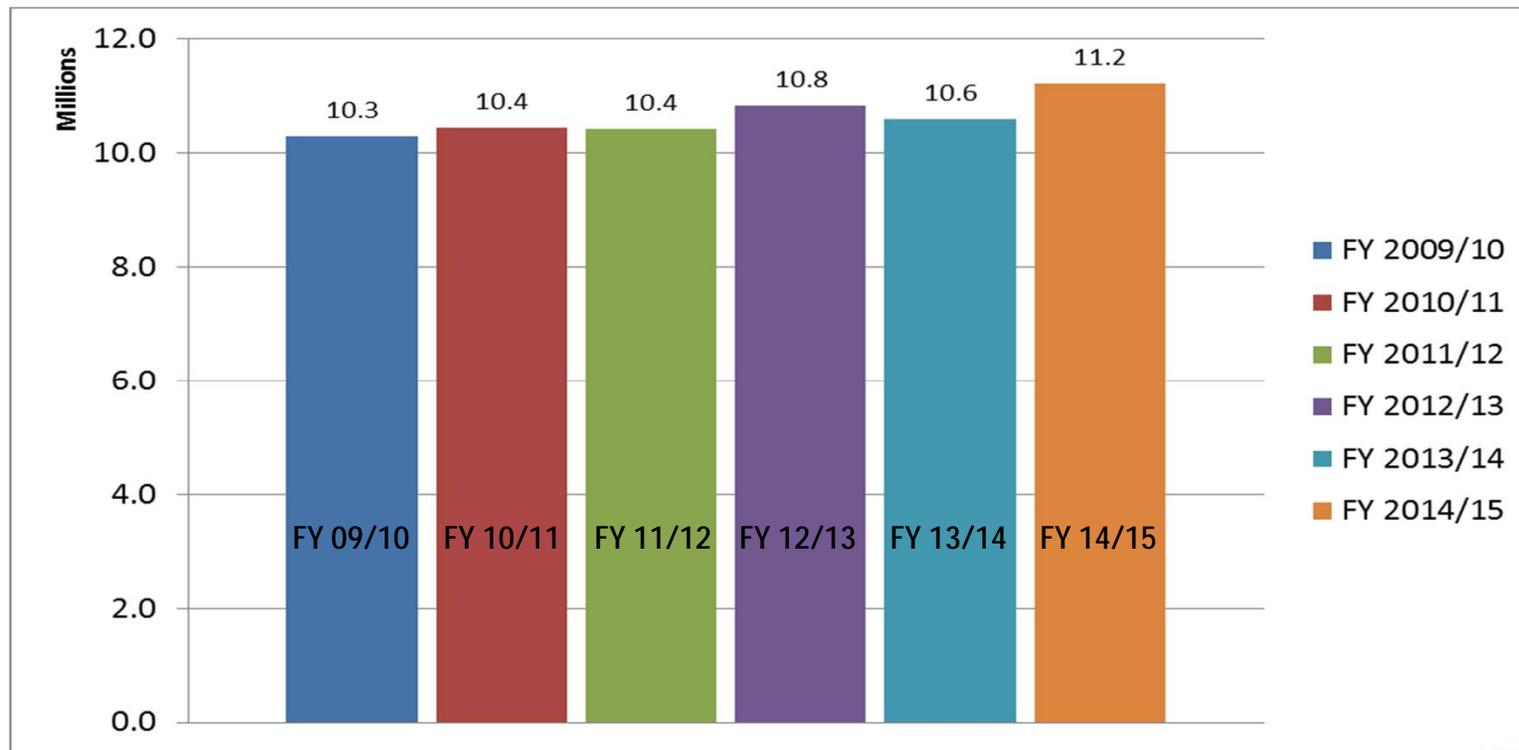
General Fund – Six Year Revenue Trend

- Sales Tax at Third Quarter



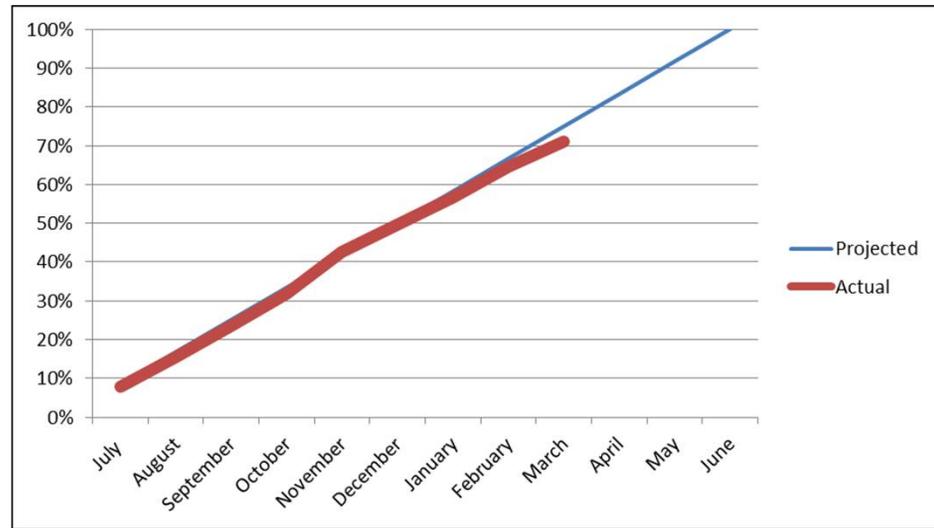
General Fund – Six Year Revenue Trend

- Utility Users Tax at Third Quarter



General Fund Expenditures

- Expenditures in-line with projections
- General Fund Expenditure Budget: \$84.7M
- Mar. 31 Expenditures: \$59.2M (= 70%)



General Fund Revenue Adjustments

Recommended Revenue Adjustments

- Total 14/15 General Fund: \$648,334 increase
 - Transfers In for Equipment Replacements
 - Final payment from County settlement

General Fund Expenditure Adjustments

Recommended Expenditure Adjustments

- Total 14/15 General Fund: (\$68,478) decrease
 - Vacancy factor adjustments
 - Replacement cameras purchased
 - Net expenditure reduction

Other Third Quarter Adjustments

Recommended Changes to Other Funds

- Energy Efficiency Fund
- Warner Ranch and Vinewood Assessment Districts
- Facility Maintenance and Repairs
- Equipment Replacements
- Compensated Absences

General Fund Amended Budget

FY 2014/15 Amended Budget (Proposed)	
Total Revenues	\$ 85,716,131
Total Expenditures	84,659,976
Net Change of Fund Balance	\$ 1,056,155

Position Control Changes

- 1 Reclassification: Finance to align positions with duties
 - Cost neutral
- Approve Job Classification of Management Aide

<u>Department / Position Title</u>			<u>FY</u> <u>2014/15</u>
<u>Financial & Management Services</u>			
	Sr. Financial Analyst	FT	(1)
	Accountant II	FT	1
	Management Aide *	PT	1
Total			1
* Eliminates current use of temporary employee			



Continued Challenges

- Gas Tax/Measure A reduced revenue projections
- A General Fund subsidy for street lights;
- Projected cost increases for public safety services;
- Anticipated pension cost increases;
- The General Fund's obligation to guarantee debt service payments;
- The restoration of funding for deferred infrastructure maintenance during the fiscal downturn.

Summary

- General Fund Budget: one-time surplus
- Unassigned G.F. Reserves: \$27.5M (6/30/14)
- Revenues/Expenditures on track
- Minor adjustments for funding/operational changes
- Council's strong leadership leaves City positioned to address future challenges