

AGENDA

CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF
MORENO VALLEY

November 17, 2009

STUDY SESSION - 6:00 P.M.

City Council Closed Session

First Tuesday of each month - 6:00 p.m.

City Council Study Sessions

Third Tuesday of each month – 6:00 p.m.

City Council Meetings

Second and Fourth Tuesdays – 6:30 p.m.

City Hall Council Chamber - 14177 Frederick Street

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, in compliance with the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the City Clerk's office at 951.413.3001 at least 48 hours before the meeting. The 48-hour notification will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Richard A. Stewart, Mayor

Bonnie Flickinger, Mayor Pro Tem Jesse L. Molina, Council Member Robin N. Hastings, Council Member William H. Batey II, Council Member

AGENDA

CITY COUNCIL OF THE CITY OF MORENO VALLEY MORENO VALLEY COMMUNITY SERVICES DISTRICT COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

STUDY SESSION - 6:00 PM NOVEMBER 17, 2009

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INVOCATION

ROLL CALL

INTRODUCTIONS

PUBLIC COMMENTS ON MATTERS UNDER THE JURISDICTION OF THE CITY COUNCIL

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council Member, staff member or other person.

SPECIAL ORDER OF BUSINESS

- 1. First Quarter Budget Review (PowerPoint Presentation) (**F&ASD**/ 30 Min.)
- 2. Consideration of Alternatives for the Community Services District (CSD) Zone B (Residential Street Lighting) Program (PowerPoint Presentation) (PW/ 45 Min.)
- 3. Commercial/Business Signs on Sunnymead Boulevard (Flickinger/Gutierrez/ 10 Min.) ❖
- 4. City Council Requests and Communications

(Times shown are only estimates for staff presentation. Items may be deferred by Council if time does not permit full review.)

Oral Presentation only – No written material provided

*Materials related to an item on this Agenda submitted to the City Council/Community Services District/Community Redevelopment Agency after distribution of the agenda packet are available for public inspection in the City Clerk's office at 14177 Frederick Street during normal business hours.

CLOSED SESSION

A Closed Session of the City Council, Community Services District and Community Redevelopment Agency of the City of Moreno Valley will be held in the City Manager's Conference Room, Second Floor, City Hall. The City Council will meet in Closed Session to confer with its legal counsel regarding the following matter(s) and any additional matter(s) publicly and orally announced by the City Attorney in the Council Chamber at the time of convening the Closed Session.

• PUBLIC COMMENTS ON MATTERS ON THE CLOSED SESSION AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

The Closed Session will be held pursuant to Government Code:

1 SECTION 54956.9(b)(1) - CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION

Number of Cases: 2

2 SECTION 54956.9(c) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 2

- 3 SECTION 54957 PUBLIC EMPLOYEE APPOINTMENT/ PUBLIC EMPLOYMENT
 - a) Interim City Manager
 - b) City Manager Recruitment

REPORT OF ACTION FROM CLOSED SESSION, IF ANY, BY CITY ATTORNEY
ADJOURNMENT



APPROVALS	
BUDGET OFFICER	caf
CITY ATTORNEY	Rest
CITY MANAGER	RA

Report to City Council

TO: Mayor and City Council

FROM: Steve Elam, Financial & Administrative Services Director

AGENDA DATE: November 17, 2009

TITLE: FIRST QUARTER BUDGET REVIEW

RECOMMENDED ACTION

Staff recommends that the City Council take the following actions:

1. Receive and file this report; and

2. Approve the proposed budget development guidelines and review schedule for Fiscal Year 2010-11.

BACKGROUND

For the past three fiscal years, the City Council has been updated on the City's financial status through a Mid-Year Budget Review occurring in February and reflecting operational results from July through December. Due to the significant deterioration in the economy and its impact on City revenues, a First Quarter Budget Review was added last year to apprise the Council regarding the City's financial status through September 2008. Given the continuing weak economy, a First Quarter Budget Review has once again been prepared to provide Council with the City's financial status as of September 2009. This report focuses on the City's General Fund, which is of greatest concern with respect to the revenue impacts of the weak economy, but also provides financial summaries for other key funds such as Parks, Library, Gas Tax, and the Electric Utility.

During difficult economic times such as we are currently experiencing, there is particular value in reporting financial results early in the fiscal year. This time last year, staff advised Council that General Fund operating revenues would likely fall short of the adopted budget by \$5 million. In response, early action was taken to offset this expected revenue loss by implementing various cost-saving measures identified in the FY 2008-09 Deficit Reduction Plan. Staff's early projection of a \$5 million General Fund

shortfall was quite accurate, as actual General Fund operating revenues fell short of the adopted FY 2008-09 budget by \$4.7 million. However, due to the cost-saving measures implemented following the First Quarter Budget Review, as well as following the Mid-Year Budget Review, expenditures were maintained within the City's declining revenues throughout the fiscal year, such that a \$2 million savings was generated in the General Fund by fiscal year-end.

DISCUSSION

Prior Year Savings Needed to Balance the FY 2009-10 Budget

One of the key components in balancing the FY 2009-10 General Fund budget was the projected \$2 million savings from FY 2008-09 as mentioned above, to be carried forward to FY 2009-10. Although audited year-end results will not be available until the end of December, unaudited results indicate that the full \$2 million savings was, in fact, realized. This is a significant accomplishment and represents the combined efforts of all City departments to continue identifying and implementing cost-cutting measures in response to declining revenues. Audited results for FY 2008-09 will be presented to Council in conjunction with the Mid-Year Budget Review, as well as in the Comprehensive Annual Financial Report (CAFR).

FY 2009-10 First Quarter Results

General Fund Revenues

Due to the uneven schedule of revenue receipts, combined with the year-end accrual process, revenues received through the first quarter of the fiscal year are historically only 9.2% of the annual budget, even though 25% of the fiscal year has elapsed. Through the first quarter of FY 2009-10, 9.0% of budgeted revenues have been received, as shown in the following table.

General Fund

1st Quarter Operating Revenue Report – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Received	1 st Quarter Expected based on Historical Receipts	Total Actual	Positive (Negative) Variance	Actual as % of Expected
Revenues:							
Taxes:							
UUT	\$14,970,000	\$14,970,000	12.0%	\$1,796,400	\$1,881,878	\$85,478	104.8%
Property Taxes in-lieu of VLF	14,100,000	14,100,000	0.5%	76,140	32,798	(43,342)	43.1%
Property Taxes	11,700,001	11,700,001	0.5%	63,180	1,935	(61,245)	3.1%
Sales Taxes	9,735,000	9,735,000	8.2%	793,403	607,346	(186,057)	76.5%
Gross Receipts	906,500	906,500	2.4%	22,028	6,876	(15,152)	31.2%
Other Taxes	950,000	950,000	12.3%	117,040	153,268	36,228	131.0%
Fees:							
Franchise Fees	4,400,000	4,400,000	7.6%	333,960	370,984	37,024	111.1%
Parking Ctrl Fees	1,250,000	1,250,000	17.2%	214,500	238,127	23,627	111.0%
Plan Check Fees	1,622,281	1,622,281	22.6%	366,798	170,162	(196,636)	46.4%

General Fund

1st Quarter Operating Revenue Report – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Received	1 st Quarter Expected based on Historical Receipts	Total Actual	Positive (Negative) Variance	Actual as % of Expected
Inspection Fees	899,408	899,408	22.6%	203,356	158,549	(44,807)	78.0%
Planning Fees	850,000	850,000	22.6%	192,185	138,488	(53,697)	72.1%
Permit Fees	770,714	770,714	22.6%	174,258	124,466	(49,792)	71.4%
Admin. Citation Fees	296,500	296,500	22.6%	67,039	58,601	(8,438)	87.4%
Red Light Enf. Fees	200,000	200,000	12.3%	24,640	0	(24,640)	0.0%
Other Fees	1,978,205	1,978,205	18.0%	356,077	418,006	61,929	117.4%
Other:							
Interest Income	4,300,000	4,300,000	25.5%	1,096,500	1,319,081	222,581	120.3%
Admin. Charges	2,968,896	2,968,896	21.5%	638,970	638,970	0	100.0%
Grant Revenues	401,326	401,326	0.0%	0	0	0	
Transfers	634,298	634,298	23.6%	150,000	150,000	0	100.0%
Miscellaneous	1,905,219	1,927,257	12.3%	237,438	265,763	28,325	111.9%
Total Revenues	\$74,838,348	\$74,860,386	9.2%	\$6,923,912	\$6,735,298	(\$188,614)	97.3%

As shown above, General Fund revenues through September are 97.3% of the expected level based on historical receipts, representing a shortfall of \$188,614. Although revenues will be carefully monitored each month, the revenue outlook through the first quarter of the fiscal year is stable.

General Fund Expenditures

The following table shows the General Fund expenditure results through the first quarter of the fiscal year.

General Fund

1st Quarter Operating Expenditure Report – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Expended	1 st Quarter Expected based on Historical Expenditures	Total Actual	Positive (Negative) Variance	% of Adjusted Budget
Expenditures:							
General Gov't:							
City Council	\$650,520	\$651,520	25.0%	\$162,880	\$123,387	\$39,493	18.9%
City Manager	1,603,927	1,666,007	25.0%	416,502	338,698	77,804	20.3%
City Clerk	620,108	620,108	25.0%	155,027	105,635	49,392	17.0%
City Attorney	1,093,900	1,149,990	25.0%	287,498	237,298	50,200	20.6%
EDD	684,755	697,055	25.0%	174,264	97,579	76,685	14.0%
Fin. & Admin. Svcs	3,145,793	3,145,793	25.0%	786,448	754,954	31,494	24.0%
Human Resources	967,200	1,125,665	25.0%	281,416	187,940	93,476	16.7%
Non-Departmental	4,996,772	4,996,772	25.0%	1,249,193	1,034,622	214,571	20.7%
Public Safety:							
Police	39,909,509	39,936,509	25.0%	9,984,127	9,671,155	312,972	24.2%
Fire	16,111,775	16,111,775	25.0%	4,027,944	3,987,424	40,520	24.7%

General Fund

1st Quarter Operating Expenditure Report – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Expended	1 st Quarter Expected based on Historical Expenditures	Total Actual	Positive (Negative) Variance	% of Adjusted Budget
Animal Control	2,432,419	2,446,583	25.0%	611,646	518,493	93,153	21.2%
Emergency Ops/ Volunteer Svcs Crossing Guards	590,842 602,126	598,592 602,126	25.0% 25.0%	149,647 150,531	156,328 104,729	(6,681) 45,802	26.1% 17.4%
CDD	5,836,630	5,911,099	25.0%	1,477,775	1,183,295	294,480	20.0%
Public Works	4,200,537	4,454,371	25.0%	1,113,593	871,455	242,138	19.6%
Total Expenditures	\$83,446,813	\$84,113,965	25.0%	\$21,028,491	\$19,372,992	\$1,655,499	23.0%

Although not all expenditures have a straight-line spending pattern, operating expenditures should generally be within 25% of the annual budget at the end of the first quarter, since 25% of the fiscal year has elapsed. As shown in the above table, General Fund expenditures through September are at 23% of the adjusted budget. This is a positive result and reflects the ongoing diligence of departments in their cost-control efforts.

Financial Outlook & Action Plan

Although it is early in the fiscal year, revenue and expenditure results through the first quarter of FY 2009-10 are positive and indicate a stable outlook for the remainder of the fiscal year. Therefore, no actions are recommended with respect to workforce reduction or other expenditure reductions, beyond the prudent cost-control measures already being implemented by all departments.

First Quarter Summaries of Other Major Funds

■ Community Services District (CSD) Zone A – Parks & Community Services

Community Services District (CSD) Zone A – Parks & Community Services

1st Quarter Financial Summary – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Received or Expended	1 st Quarter Expected based on Historical Amounts	Total Actual	Positive (Negative) Variance	Rev. % of Expected; Exp.% of Adjusted Budget
Revenues:							
Taxes:							
Property Taxes	\$2,209,563	\$2,209,563	0.5%	\$11,932	\$0	(\$11,932)	0.0%
Fees:							
Recreation Fees	1,079,316	1,079,316	25.0%	269,829	336,370	66,541	124.7%
Parcel Fees	5,112,796	5,112,796	0.5%	27,609	438	(27,171)	1.6%
Plan Check Fees	0	0	0.0%	0	6,600	6,600	
Inspection Fees	30,000	30,000	22.6%	6,780	11,700	4,920	172.6%
Other Fees	27,977	27,977	0.0%	0	2,590	2,590	

Community Services District (CSD) Zone A – Parks & Community Services 1st Quarter Financial Summary – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Received or Expended	1 st Quarter Expected based on Historical Amounts	Total Actual	Positive (Negative) Variance	Rev. % of Expected; Exp.% of Adjusted Budget
Other:							
Interest Income	0	0	0.0%	0	0	0	
Transfers	377,459	377,459	25.0%	94,365	94,365	0	100.0%
Miscellaneous	193,934	193,934	25.0%	48,483	71,983	23,500	148.5%
Total Revenues	9,031,045	9,031,045	5.1%	458,998	524,046	65,048	114.2%
Expenditures:							
Senior Program	623,275	623,275	25.0%	155,819	113,826	41,993	18.3%
Park & Rec. Admin	486,228	486,228	25.0%	121,557	101,469	20,088	20.9%
Park Ranger Prgm	392,480	392,480	25.0%	98,120	53,340	44,780	13.6%
Recreation Prgms	1,852,537	1,852,537	25.0%	463,134	431,028	32,106	23.3%
Park Maint.	2,807,257	2,809,180	25.0%	702,295	603,913	98,382	21.5%
Contract Park Maint.	451,512	451,512	25.0%	112,878	94,297	18,581	20.9%
Golf Course Prgm	363,723	363,723	25.0%	90,931	82,984	7,947	22.8%
Conf & Rec. Ctr	544,090	544,090	25.0%	136,023	122,203	13,820	22.5%
Recr Cntr - Banquet	314,494	314,494	25.0%	78,624	63,628	14,996	20.2%
Parks Projects	158,948	158,948	25.0%	39,737	33,139	6,598	20.8%
Community Services	146,182	146,182	25.0%	36,546	42,598	(6,052)	29.1%
Community Events	187,528	187,528	25.0%	46,882	35,017	11,865	18.7%
Non-departmental	250,309	250,309	25.0%	62,577	62,577	0	25.0%
Total Expenditures	\$8,578,563	\$8,580,486	25.0%	\$2,145,123	\$1,840,019	\$305,104	21.4%

■ Community Services District (CSD) Zone L – Library

Community Services District (CSD) Zone L – Library

1st Quarter Financial Summary – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Received or Expended	1 st Quarter Expected based on Historical Amounts	Total Actual	Positive (Negative) Variance	Rev. % of Expected; Exp.% of Adjusted Budget
Revenues:							
Taxes:							
Property Taxes	\$1,609,500	\$1,609,500	0.5%	\$8,691	\$0	(\$8,691)	0.0%
Fees:							
Other Fees	121,500	121,500	22.6%	27,459	26,248	(1,211)	95.6%
Other:							
Transfers	424,915	424,915	25.0%	106,229	106,229	0	100.0%
Miscellaneous	2,000	2,000	25.0%	500	5,246	4,746	1049.2%
Total Revenues	2,157,915	2,157,915	6.6%	142,879	137,723	(5,156)	96.4%
Expenditures:							
Library	2,122,219	2,183,107	25.0%	545,777	440,478	105,299	20.2%
Total Expenditures	\$2,122,219	\$2,183,107	25.0%	\$545,777	\$440,478	\$105,299	20.2%

Gas Tax

Gas Tax
1st Quarter Financial Summary – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Received or Expended	1 st Quarter Expected based on Historical Amounts	Total Actual	Positive (Negative) Variance	Rev. % of Expected; Exp.% of Adjusted Budget
Revenues:							
Taxes:							
Gas Tax	\$2,527,500	\$2,527,500	0.0%	\$0	\$0	\$0	
Other:							
Interest Income	15,675	15,675	25.0%	3,919	1,394	(2,525)	35.6%
Transfers	1,000,000	1,000,000	25.0%	250,000	250,000	0	100.0%
Miscellaneous	2,000	2,000	25.0%	500	20,834	20,334	4166.8%
Total Revenues	3,545,175	3,545,175	7.2%	254,419	272,228	17,809	107.0%
Expenditures - Public We	orks:						
Projects Engineering	181,954	181,954	25.0%	45,489	185,119	(139,630)	101.7%
Street Maint.	1,467,279	1,467,279	25.0%	366,820	274,620	92,200	18.7%
Concrete Maint.	261,403	261,403	25.0%	65,350	69,399	(4,049)	26.5%
Sign/Striping	823,241	823,241	25.0%	205,810	155,564	50,246	18.9%
Graffiti Removal	351,993	351,993	25.0%	87,998	73,698	14,300	20.9%
Tree Trimming	402,935	402,935	25.0%	100,734	70,282	30,452	17.4%
Total Expenditures	\$3,488,805	\$3,488,805	25.0%	\$872,201	\$828,682	\$43,519	23.8%

Electric Utility

Moreno Valley Electric Utility
1st Quarter Financial Summary – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Received or Expended	1 st Quarter Expected based on Historical Amounts	Total Actual	Positive (Negative) Variance	Rev. % of Expected; Exp.% of Adjusted Budget
Revenues:							
Fees:							
Distribution	\$4,757,941	\$4,757,941	25.0%	\$1,189,485	\$933,611	(\$255,874)	78.5%
Generation	9,515,881	9,515,881	25.0%	2,378,970	2,337,784	(41,186)	98.3%
Transmission	0	0	0.0%	0	118,825	118,825	
Electricity Fees	(142,738)	(142,738)	22.6%	(32,259)	(25,835)	6,424	80.1%
Plan Check Fees Public Purpose	264,400	264,400	22.6%	59,754	26,057	(33,697)	43.6%
Programs [']	713,691	713,691	22.6%	161,294	97,804	(63,490)	60.6%
Other Fees	183,800	183,800	0.0%	0	15,907	15,907	
Other:							
Interest Income	0	0	0.0%	0	14,081	14,081	
Miscellaneous	253,517	253,517	20.0%	50,703	48,470	(2,233)	95.6%
Total Revenues	15,546,492	15,546,492	24.5%	3,807,947	3,566,704	(241,243)	93.7%

Moreno Valley Electric Utility
1st Quarter Financial Summary – Period Ending September 30, 2009

	Adopted Budget	Adjusted Budget	YTD Historical Percentage Received or Expended	1 st Quarter Expected based on Historical Amounts	Total Actual	Positive (Negative) Variance	Rev. % of Expected; Exp.% of Adjusted Budget
Expenditures:							
Electric Fund Admin.	12,688,224	12,917,984	25.0%	3,229,496	2,517,302	712,193	19.5%
Public Purpose							
Programs '	713,691	713,691	25.0%	178,423	32,516	145,908	4.6%
Utility Projects	0	206,560	25.0%	51,640	53,849	(2,209)	26.1%
Total Expenditures	\$13,401,915	\$13,838,235	25.0%	\$3,459,559	\$2,603,667	\$855,892	18.8%

As reflected in the previous operational financial summaries (not including capital projects and/or debt service), revenue and expenditure results for Parks, Library, Gas Tax and the Electric Utility through the first quarter of FY 2009-10 are positive and indicate a stable outlook for the remainder of the fiscal year. Therefore, no actions are recommended with respect to workforce reduction or other expenditure reductions, beyond the prudent cost-control measures already being implemented by the respective departments.

Looking Ahead to FY 2010-11

Included in the FY 2009-10 Adopted Budget is a Five-Year Financial Plan. This plan for the General Fund is shown below. As shown, expenditures are expected to exceed revenues by more than \$10 million each of the next four years without the use of reserves, significant reduction in program expenditures, or some combination of the two. These projections could also be impacted by future actions of the State of California to confiscate or divert local revenues government to help balance the State's budget.

General Fund
Five-Year Financial Plan Summary

	2009-10	2010-11	2011-12	2012-13	2013-14
ource of Funds					
Revenues:					
Property Taxes	25,800,001	25,800,001	25,800,001	25,800,001	25,800,00°
Sales Taxes	9,735,000	9,735,000	9,929,700	10,227,591	10,534,41
Gross Receipts	906,500	906,500	906,500	924,630	952,36
UUT	14,970,000	14,970,000	15,269,400	15,574,788	15,886,28
Other Taxes	950,000	950,000	969,000	998,070	1,028,01
Franchise Fees	4,400,000	4,400,000	4,488,000	4,577,760	4,669,31
Motor Vehicle Fees	400,000	400,000	400,000	400,000	400,00
Other Fees	5,833,894	5,833,894	5,833,894	5,833,894	5,833,89
Permits & Licenses	1,350,214	1,350,214	1,350,214	1,350,214	1,350,21
Fines & Forfeitures	1,000,000	1,000,000	1,000,000	1,000,000	1,000,00
Administrative Charges	2,968,896	2,968,896	2,968,896	2,968,896	2,968,89
Interest Income	4,300,000	4,300,000	4,429,000	4,650,450	4,743,45
Miscellaneous Revenues	1,589,545	1,589,545	1,589,545	1,589,545	1,589,54
Transfers	634,298	634,298	634,298	634,298	634,29
Total Revenues	74,838,348	74,838,348	75,568,448	76,530,137	77,390,70

General Fund Five-Year Financial Plan Summary

	2009-10	2010-11	2011-12	2012-13	2013-14
Contingency & Development					
Services Reserve	6,608,465	-	-	-	-
Anticipated Prior Year Savings	2,000,000		-	-	-
Total Source of Funds	83,446,813	74,838,348	75,568,448	76,530,137	77,390,706
Use of Funds					
Program Expenditures:					
Operating					
Personnel Services	16,350,986	16,350,986	16,350,986	16,350,986	16,350,986
Contractual Services	56,145,231	57,886,951	58,984,235	60,391,877	61,555,985
Materials & Supplies	897,813	897,813	897,813	897,813	897,813
Debt Service	254,169	250,716	249,847	248,351	251,085
Fixed Charges	7,372,241	7,372,241	7,372,241	7,372,241	7,372,241
Transfers Out	2,412,671	2,416,124	2,416,993	2,418,489	2,415,755
Operating Expenditures	83,433,111	85,174,831	86,272,115	87,679,757	88,843,865
Capital Expenditures	13,702	13,702	13,702	13,702	13,702
Total Program Expenditures	83,446,813	85,188,533	86,285,817	87,693,459	88,857,567
Total Use of Funds	83,446,813	85,188,533	86,285,817	87,693,459	88,857,567
Net Changes to Fund Balance	\$0	(\$10,350,185)	(\$10,717,369)	(\$11,163,322)	(\$11,466,861)

To focus specifically on FY 2010-11, a General Fund deficit of \$10.4 million is projected. The following table provides a comparison of the major budget components leading to this projected deficit compared with the current fiscal year's budget.

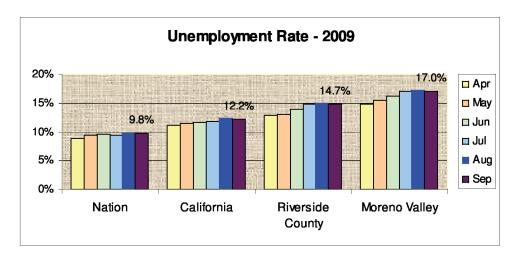
(Amounts shown in \$ million)

Budget Component	FY 2009-10	FY 2010-11	Comments
Revenues & Other Sources:			
- Operating Revenues	\$74.8	\$74.8	Expected to be flat.
- Development Services Reserve	2.3	0	Reserve depleted.
- General Contingency Reserve	4.3	0	Reduced from 15% to 12% in FY 2009-10.
- Savings from Prior Fiscal Year	2.0	0	None anticipated in FY 2009-10.
Total Revenue Sources	\$83.4	\$74.8	Reduction of \$8.6 million.
Expenditures:			
- Personnel Services	\$16.4	\$16.4	No changes in staffing or compensation.
- Contractual Services	56.1	57.9	5% increase in Police contract.
- Material & Supplies	0.9	0.9	No change.
- Debt Service	0.2	0.2	No change.
- Fixed Charges	7.4	7.4	No change.
- Transfers Out	2.4	2.4	No change.
Total Expenditures	\$83.4	\$85.2	\$1.8 million increase in Police contract.
Net Change to Fund Balance	\$0	(\$10.4)	

Economic Indicators for FY 2010-11

There are signs that the national economy may have reached bottom and is now starting its recovery. The Gross Domestic Product (GDP) as of September 30 grew by an annualized rate of 3.5% after a year-long contraction. However, this growth is largely attributed to a rebound in consumer spending due to government incentives for both home and auto purchases. There are few signs that the economy will continue to grow at this rate without ongoing government stimulus programs, especially if the job market remains weak.

The state, regional and local economies continue to be harder hit than the national economy due to more dramatic reductions in property values, employment and consumer spending. Although unemployment remains very high, it dropped slightly in September at the state, county and local levels for the first time in over a year, which hopefully indicates a positive trend. The following graph presents unemployment data for the past six months.



Even if the economy has, in fact, bottomed-out and is now starting its recovery, economists expect the recovery to be very slow. Property tax is a major component of local revenues and assessed valuation in the region is not expected to recover quickly, especially due to the high foreclosure and property vacancy rate. The majority of recent home sales are bank-owned properties selling at depressed prices. Employment is also expected to recover slowly, as employers will be very cautious in hiring back workers, which will directly impact consumer spending and sales tax. For these reasons, the City's General Fund operating revenues are expected to remain flat through FY 2010-11; then begin to increase gradually.

Proposed Budget Development Guidelines for FY 2010-11

Based on the expected General Fund deficit of \$10.4 million in FY 2010-11, the following guidelines are proposed for development of the FY 2010-11 budget. Council's approval of these guidelines is requested since the FY 2010-11 budget preparation process will begin in early December 2009.

- Departments will submit budgets that reflect no change in staffing or service levels from FY 2009-10.
- Personnel budgets will be based on current compensation levels, as follows:
 - Continuation of the 36-hour work week and corresponding 10% salary reduction;
 - Continued suspension of merit increases; and
 - No cost-of-living adjustment (COLA).
- Any reinstatement of the above compensation items will be by policy direction of the City Council.
- A general inflation factor will <u>not</u> be applied to contractual services or maintenance/operations line items; if multi-year contracts are in place that provide for inflationary adjustments, departments will make every effort to renegotiate these contracts to maintain expenditures at their current levels.
- Following review by the Budget Review Committee, the City Manager will submit a Preliminary Base Budget reflecting the above guidelines. Based on the Five-Year Financial Plan, it is expected that the General Fund Preliminary Base Budget will reflect a deficit of approximately \$10 million.
- To address this expected deficit, a Deficit Reduction Plan will be submitted in conjunction with the Preliminary Base Budget, to identify potential expenditure reduction items and other solutions that will enable the budget to be brought into balance.
- The Deficit Reduction Plan will be comprised of various Deficit Reduction Options (DROs) submitted by each department, each of which will have the following elements:
 - Description of proposed revenue enhancement or expenditure reduction:
 - Expected cost savings or revenue increase if implemented;
 - Internal service impact: None-Minimal / Moderate / High:
 - External service impact: None-Minimal / Moderate / High;
 - Staffing impact, if any.
- Due to the significant level of budget reductions implemented over the past two years (including a city-wide staffing reduction of more than 25%), it is expected that virtually all DROs will have a "High" service level impact; either internally, externally, or both.
- In developing DROs, departments will focus on "program" level rather than "line-item" level expenditure reductions.
- Any proposed additions to the Preliminary Base Budget will be submitted for Council's consideration as a Budget Issue, along with comprehensive justification and service level impact.
- Following Council's review of each Deficit Reduction Option included in the Deficit Reduction Plan, along with any Budget Issues that have been submitted, direction will be given to staff regarding the items to be implemented in order to adopt a balanced budget.

Proposed Budget Review Schedule for FY 2010-11

In conjunction with adoption of the FY 2009-10 budget, Council directed staff to submit the FY 2010-11 budget earlier in the year to allow additional time for review, deliberation and public input. In response to this direction, an accelerated schedule has been

prepared for the FY 2010-11 budget. This accelerated schedule will require departmental budget kick-off in early December 2009. The schedule as it impacts the City Council is shown below. (Note: this proposed schedule was previously submitted to the Council by the City Manager on July 20, 2009.)

 Distribution of Preliminary Base Budget and Deficit Reduction Plan)

and Deficit Reduction Plan)
 Council Member Budget Briefings
 Initial Budget Presentation
 April 27, 2010
 May 4-6, 2010
 May 11, 2010

Budget Discussion
 May 18, 2010 (Study Session)

Continued Budget Discussion
 Continued Budget Discussion
 May 25, 2010
 June 8, 2010

Continued Budget Discussion
 June 15, 2010 (Study Session)

Budget Adoption June 22, 2010
Back-up Budget Adoption (if needed) June 29, 2010

The above schedule should allow ample time for Council review, deliberation, public input and consideration of additional revenue enhancement or cost-reductions options not included in the Deficit Reduction Plan, should there be any.

In order to proceed with the departmental budget kick-off in early December, Council's approval of the proposed budget development guidelines and review schedule for FY 2010-11 is requested.

<u>SUMMARY</u>

A key component in balancing the FY 2009-10 General Fund budget was a projected \$2 million savings from FY 2008-09 to be carried forward to FY 2009-10. Although audited year-end results will not be available until the end of December, unaudited results indicate that the full \$2 million savings was, in fact, realized.

General Fund revenues received through September 30th are just slightly below the expected historical level. This minor revenue shortfall is more than offset by lower-than-expected expenditures. Therefore, although early in the fiscal year, results through the first quarter of FY 2009-10 are positive and indicate a stable outlook for the remainder of the fiscal year. As a result, no actions are recommended with respect to workforce reduction or other expenditure reductions, beyond the prudent cost-control measures already being implemented by all departments.

Despite the positive results thus far in FY 2009-10, significant challenges are expected in adopting a balanced General Fund budget for FY 2010-11; with a deficit of \$10.4 million projected in the City's Five-Year Financial Plan. To address this expected deficit, staff has proposed a set of budget development guidelines for Council's approval. The guidelines include submittal of a Preliminary Base Budget assuming no change in staffing or service levels, along with a Deficit Reduction Plan to bring the budget into balance. In response to Council's direction, an accelerated budget review schedule has also been prepared to provide additional time for Council review and deliberation on the Preliminary Base Budget and companion Deficit Reduction Plan. It is requested that Council approve the proposed budget development guidelines and review schedule for FY 2010-11, so that the departmental budget kick-off can proceed as scheduled in early December 2009.

Prepared By: Steve Elam Financial & Administrative Services Director

Council Action		
Approved as requested:	Referred to:	
Approved as amended:	For:	
Denied:	Continued until:	
Other:	Hearing set for:	

City of Moreno Valley

First Quarter Budget Review

November 17, 2009

Item No. 1.

Presentation Overview

- Background and significance of First Quarter (1Q) Budget Review.
- Prior year savings needed to balance FY 2009-10 General Fund budget.
- 1Q Results:
- General Fund (main emphasis)
- Other key funds
- Look ahead to FY 2010-11:
- Anticipated General Fund deficit
- Proposed budget development guidelines & review schedule

Background & Significance of 1Q Budget Review

- Recent practice to present Mid-Year Budget Reviews.
- 10 Budget Review added last year due to significant economic downturn & expected impact on revenues.
- Practice continued this year due to continuing weak economy.
- Last year projected \$5 million General Fund revenue shortfall; actual shortfall was \$4.7 million.
- early in fiscal year to offset declining revenues and enabled cost-saving measures to be implemented Actions taken in response to projected shortfall keep budget in balance.

Prior Year Savings Needed to Balance FY 2009-10 Budget

- \$2 million prior year savings included as "other funding source" for FY 2009-10 General Fund budget.
- Actual results from FY 2008-09 (unaudited): \$2 million savings was achieved.
- Audited results will be included in Mid-Year Budget Review & Comprehensive Annual Financial Report (CAFR).

1Q Results – General Fund

- YTD historical revenue receipts at 1Q: 9.2%.
- Actual 1Q revenues: 9.0%; shortfall of just \$188.6k.
- YTD expenditures: 23.0%, with 25% of fiscal year elapsed.
- Results positive and indicate stable outlook for remainder of fiscal year.
- workforce or other expenditure reductions, No actions recommended with respect to other than ongoing cost control.

Other Key Funds

- CSD Zone A Parks
- CSD Zone L Library
- Gas Tax
- Electric Utility
- All 1Q results are positive and indicate stable outlook for remainder of fiscal year.
- workforce or other expenditure reductions, No actions recommended with respect to other than ongoing cost control.

Looking Ahead to FY 2010-11

- Five-Year Financial Plan included in Adopted Budget.
- General Fund deficits of more than \$10 actions that impact local government. years, excluding any additional State million projected for each of next 4
- \$General Fund deficit of \$10.4 million projected for FY 2010-11.

Looking Ahead to FY 2010-11 (cont.)

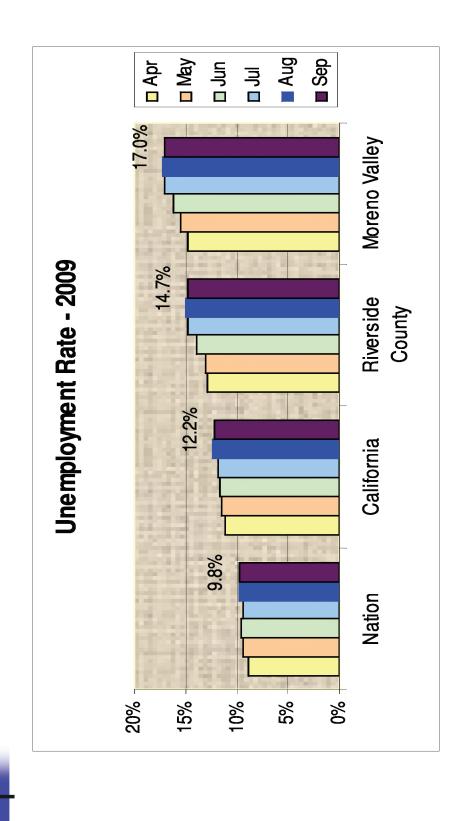
(Amounts shown in \$ million)

Budget Component	2009-10	2010-11	Comments
Operating Revenues	\$74.8	\$74.8	Expected to be flat due to slow economic recovery.
Develop Svcs Reserves	2.3	0	Reserve depleted in FY 2009-10.
Gen Contingcy Reserves	4.3	0	Reduced from 15% to 12% in FY 2009-10.
Prior Year Savings	2.0	0	None anticipated in FY 2009-10.
Total Revenue Sources	\$83.4	\$74.8	Reduction of \$8.6 million.
Expenditures	\$83.4	\$85.2	5% (\$1.8 million) increase in Police contract; all other expenditures flat.
Net Change in Fund Bal	\$0	(\$10.4)	

Economic Factors Impacting FY 2010-11 Projection

- Some signs that recession may have ended.
- recession more severe than national State, region and local impacts of and will take longer to recover.
- operating revenues to be flat next fiscal year; then begin gradual recovery. As a result, expect General Fund

Unemployment Rate - 2009



Proposed Budget Development Guidelines for FY 2010-11

- assuming no change in staffing or service Preliminary base budget to be developed
- Personnel budgets will be based on current compensation levels:
- Continuation of 36-hour work week (10% pay reduction);
- Continued suspension of merit increases;
- No COLA.
- Any reinstatement of above items will be by policy direction of the City Council.

Guidelines for FY 2010-11 (cont.) Proposed Budget Development

- operations line items (if contract provides for contractual services or maintenance & No general inflation factor applied to such, will try and renegotiate).
- Preliminary Base Budget and identify options Deficit Reduction Plan will accompany to bring budget into balance.
- May also have potential budget additions to consider; will be included along with Preliminary Base Budget as Budget Issues.

Deficit Reduction Plan

- Comprised of Deficit Reduction Options (DROs):
- Independent Decision Units
- Description of revenue enhancement or expenditure reduction
- Expected revenue increase or cost reduction if implemented
- Internal Service Impact (Minimal/Moderate/High)
- External Service Impact (Minimal/Moderate/High)
- Staffing Impact

Deficit Reduction Plan (cont.)

- Due to significant cost reductions previously implemented, expect most DROs to have "High" service level impact.
- Will focus on "program" level rather than "line-item" levėl cost reductions.
- Example of revenue enhancement option will be potential defeasance of 2007 RDA Series B bonds.
- Council will decide which DROs to implement to balance budget (policy decisions).

Proposed Budget Review Schedule for FY 2010-11

Activity	Date(s) - 2010
Distribution of Preliminary Base Budget & Deficit Reduction Plan	April 27
Council Member Budget Briefings	May 4-6
Initial Budget Presentation	May 11
Budget Discussion	May 18 (Study Session)
Continued Budget Discussion	May 25
Continued Budget Discussion	June 8
Continued Budget Discussion	June 15 (Study Session)
Budget Adoption	June 22
Back-up Budget Adoption (if needed)	June 29

Summary

- needed to balance FY 2009-10 budget was achieved. Projected \$2 million savings from prior fiscal year
- quarter are positive and indicate a stable outlook for the remainder of the fiscal year (General Fund and Revenue and expenditure results through the first other key funds).
- measures already being undertaken by departments. respect to workforce reduction or other expenditure As a result, no actions are recommended with reductions, beyond the prudent cost-control

Summary (cont.)

- budgetary challenges due to expected slow economic recovery and corresponding slow growth in revenues. Upcoming fiscal years will present significant
- As reflected in 5-Year Financial Plan, a \$10.4 million General Fund deficit is projected in FY 2010-11.
- along with a Deficit Reduction Plan to provide options To address this projected deficit, staff recommends submittal of a FY 2010-11 Preliminary Base Budget reflecting no change in staffing or service levels; for bringing the budget into balance.

Requested Council Action

- Quarter Budget Review staff report. Receive and file FY 2009-10 First
- budget development guidelines and Approve the proposed FY 2010-11 review schedule.



APPROVALS	
BUDGET OFFICER	caf
CITY ATTORNEY	Res
CITY MANAGER	PA

Report to City Council

TO:

Mayor and City Council acting in their capacity as President and

Members of the Board of Directors of the Moreno Valley

Community Services District

FROM:

Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE:

November 17, 2009

TITLE:

CONSIDERATION OF ALTERNATIVES FOR THE COMMUNITY

SERVICES DISTRICT (CSD) ZONE B (RESIDENTIAL STREET

LIGHTING) PROGRAM

RECOMMENDED ACTION

Staff recommends that the Mayor and City Council acting in their capacity as President and Members of the Board of Directors of the Moreno Valley CSD ("CSD Board") consider alternatives for the CSD Zone B (Residential Street Lighting) program.

BACKGROUND

The CSD was formed simultaneously with City incorporation and zones of benefit were established, such as the CSD Zone B (Residential Street Lighting) program, to allocate the program costs to those parcels receiving benefit from the services provided by the CSD. The Zone B parcel charges fund the costs of residential street lighting services for approximately 8,500 streetlights along City maintained residential streets. Over the past few years, electrical utility costs for streetlights have significantly increased and currently exceed the annual parcel charges authorized for CSD Zone B.

To continue to provide the same level of residential street lighting services, a Proposition 218 mail ballot proceeding was conducted in June of 2009. The mail ballot provided property owners participating in the CSD Zone B program an opportunity to either approve or oppose an increase in their CSD Zone B annual charge from \$23 or \$24 per parcel to \$39 per parcel. The proposed charge would also be subject to future inflation adjustments based on the greater of the percentage change calculated for the previous calendar year in the Los Angeles-Riverside-Orange County Regional Electrical Price Index, as published by the Department of Labor's Bureau of Labor Statistics, or

5%. Of the 40,092 ballots mailed to property owners, 6,359 ballots (16%) were returned, with 4,076 ballots (64%) marked as not approving, 2,025 ballots (32%) marked as approving, and 258 invalid ballots (4%). Based on the results of the mail ballot proceeding, the proposed increase in the CSD Zone B charge was not approved.

DISCUSSION

For fiscal year (FY) 2009/10, the CSD Zone B revenues shall generate approximately \$1,057,000, while expenses are estimated to be \$1,605,000, creating an approximate \$548,000 shortfall. If the existing FY 2008/09 fund balance of approximately \$350,000 is used to offset a portion of the shortfall, the CSD Zone B program will remain underfunded by approximately \$198,000 in the current FY.

Given this projected shortfall, staff has reviewed options undertaken by other cities in addressing similar funding deficits for street lighting services. Staff has met with representatives from Southern California Edison (SCE), Moreno Valley Utilities (MVU), and the City's Transportation Division in an effort to evaluate alternatives to address the CSD Zone B program funding shortfall. Additionally, a study is being conducted through the MVU to evaluate alternative street lighting technologies.

Prior to modifying any streetlight, each streetlight should be evaluated for any particular situation or condition that would render the lighting necessary in order to illuminate the street or sidewalk.

ALTERNATIVES

1. Remove Streetlights (39%)

Turning off and/or removing 39% of the streetlights (approximately 3,351) shall reduce street lighting service to coincide with the current level of available funding for FY 2009/10. However, removal of streetlights may result in additional costs associated with turning off and removing streetlight facilities and/or reconfiguration of existing electrical lines. Depending on the extent of the removal costs and future utility rates, additional streetlight removals in subsequent years may be necessary. Any reduction in service levels may require the City to update existing streetlight standards.

2. Temporarily Turning Off Streetlights

Temporarily turning off streetlights will save on the cost of electrical energy, which represents only 22% of the CSD Zone B program cost. However, while they are turned off, this option will not reduce the streetlight lease, maintenance, or administration costs, which constitute approximately 78% of the program cost. There is also a one-time cost associated with turning off streetlights, which is approximately \$360,000. Per SCE, streetlights may only be off for a period of up to six months. After that time, they must either be turned on or removed. Turning streetlights back on will result in additional costs, which are estimated in excess of \$390,000.

3. Reduce Hours of Streetlight Operations

Reducing streetlight hours from an all night service to a midnight service shall also save on the cost of electrical energy, which again represents only 22% of the CSD Zone B program cost. However, this option will not reduce the streetlight lease, maintenance, or administration costs, which constitute the majority of the CSD Zone B program cost. Additionally, there are costs associated with reducing the hours of streetlight service. Each streetlight will need to be fitted with a timer, which will be set to turn the streetlight off at midnight. The costs to retrofit streetlights with timers are estimated in excess of \$517,000.

4. Reduce Streetlight Wattage

Reducing the streetlight wattage shall also only save on the cost of electrical energy. Additionally, there are costs associated with converting the lamps from the current wattage to a lower wattage, which is estimated to cost in excess of \$2.5 million.

5. New Technology (LED/Solar Lighting)

Converting streetlights from High Pressure Sodium Vapor (HPSV) to LED or solar power may also only save on the cost of electrical energy. However, there are costs associated with converting HPSV streetlights to LED or solar powered streetlights. These costs are estimated in excess of \$4.2 million for lamp conversion and/or solar panel and battery. Additionally, the California Public Utilities Commission (CPUC) has not approved a tariff rate for the utilization of LED or solar powered streetlights.

6. Reballot Property Owners

Reballoting shall allow property owners another opportunity to ballot to retain streetlight services within their neighborhoods. For a reballot to occur, per the current City approved Policy For Conducting Mail Ballot Proceedings, a petition must be submitted to Special Districts from the property owners reflecting signatures from a minimum of 6,360 property owners, which represents 100 percent plus 1 of the number of ballots returned in the prior mail ballot proceeding. If a reballot occurs for a limited sub-area of CSD Zone B, an amendment to the CSD Zone B and Zone C Street Lighting Policy would be required to allow such sub-area. If approved, the reballot would allow the collection of an annual charge to meet the current costs of providing CSD Zone B services and allow for an annual inflation adjustment in the CSD Zone B charge to accommodate future utility increases.

7. General Fund Subsidy

A General Fund subsidy may be provided to make up the difference between the CSD Zone B program revenues and costs. For property related charges, Proposition 218 does not allow agencies to levy nor collect more than the amount approved by property owners. A General Fund subsidy to fund any shortfalls may allow street lighting services to remain unchanged. However, the General Fund budget has been balanced through the use of one-time funds and employee takeaways. As such, General Fund monies may be limited and may not be able to support additional costs associated with street lighting services. Under this alternative, the General Fund would need to subsidize the CSD Zone B program by at least \$198,000 for FY 2009/10, which would not resolve future funding deficiencies. Following FY 2009/10, the General Fund subsidy is estimated to be at least \$548,000 each future FY.

FISCAL IMPACT

There is currently no fiscal impact on the General Fund for the operation of the CSD Zone B program. However, depending upon the alternatives considered by the CSD Board, the General Fund could be impacted for an authorized amount to address the shortfall.

CITY COUNCIL GOALS

The CSD Zone B program is a full cost recovery program that funds residential streetlight services. Streetlights aid in the illumination of roadway and sidewalk areas.

SUMMARY

Funds received to support the CSD Zone B program are less than the cost to provide CSD Zone B services. City staff has prepared a presentation of alternatives to address the funding shortfall.

NOTIFICATION

N/A

ATTACHMENTS/EXHIBITS

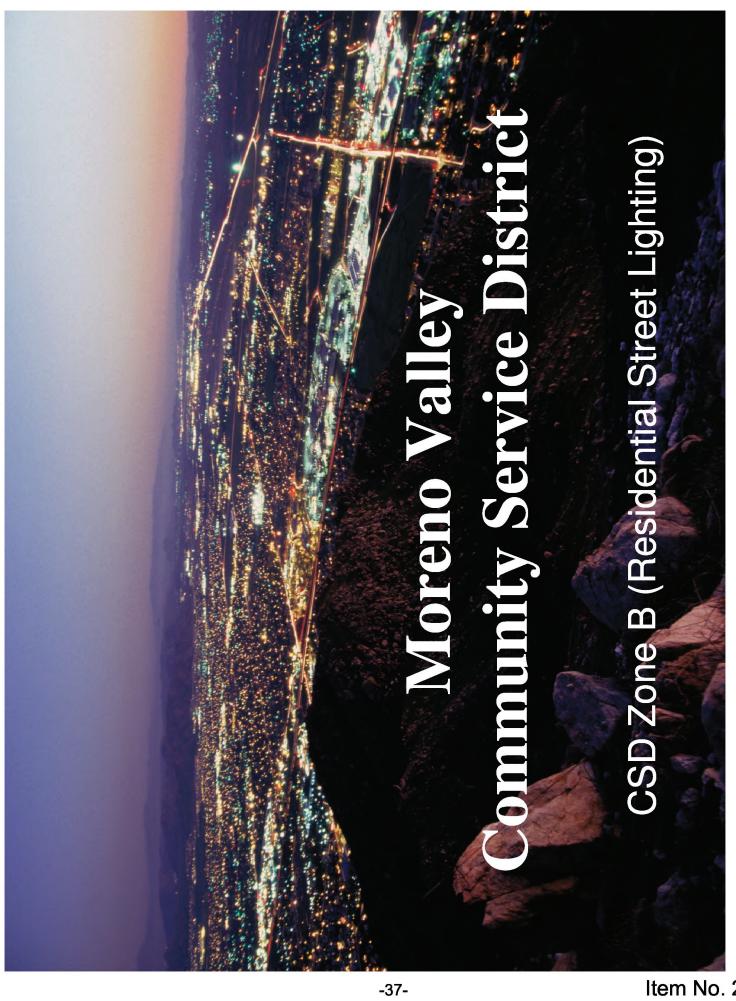
Attachment A – CSD Zone B Alternatives Presentation

Prepared By: Sharon Sharp Senior Management Analyst Department Head Approval: Chris A. Vogt, P.E., Public Works Director/City Engineer

Concurred By: Sue Anne Maxinoski, Special Districts Division Manager

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

This page intentionally left blank.



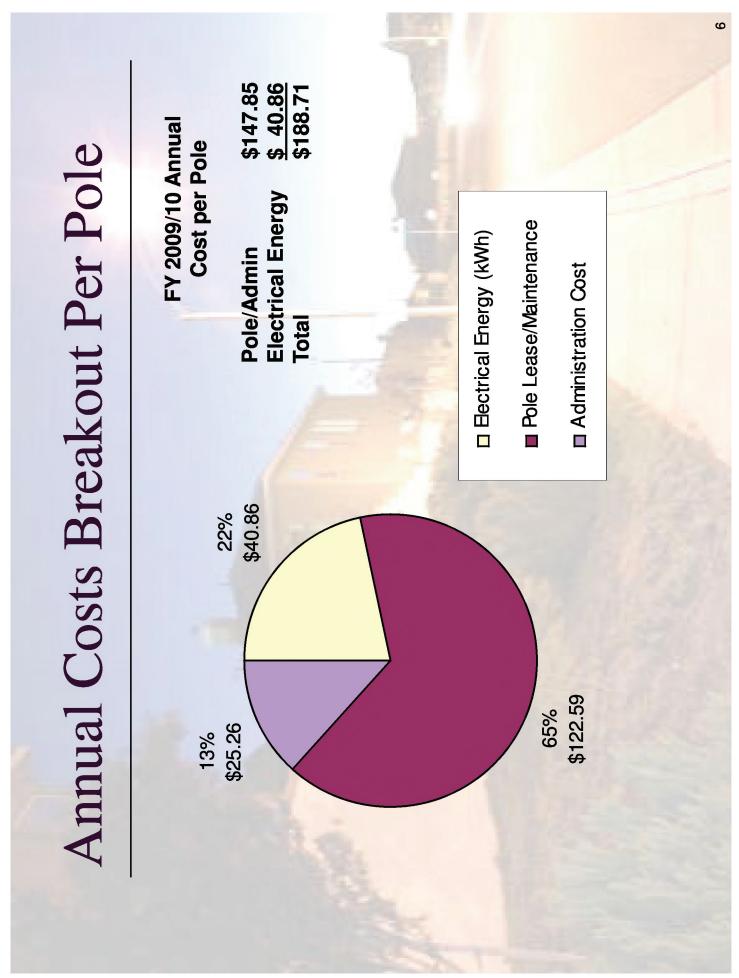
Item No. 2.

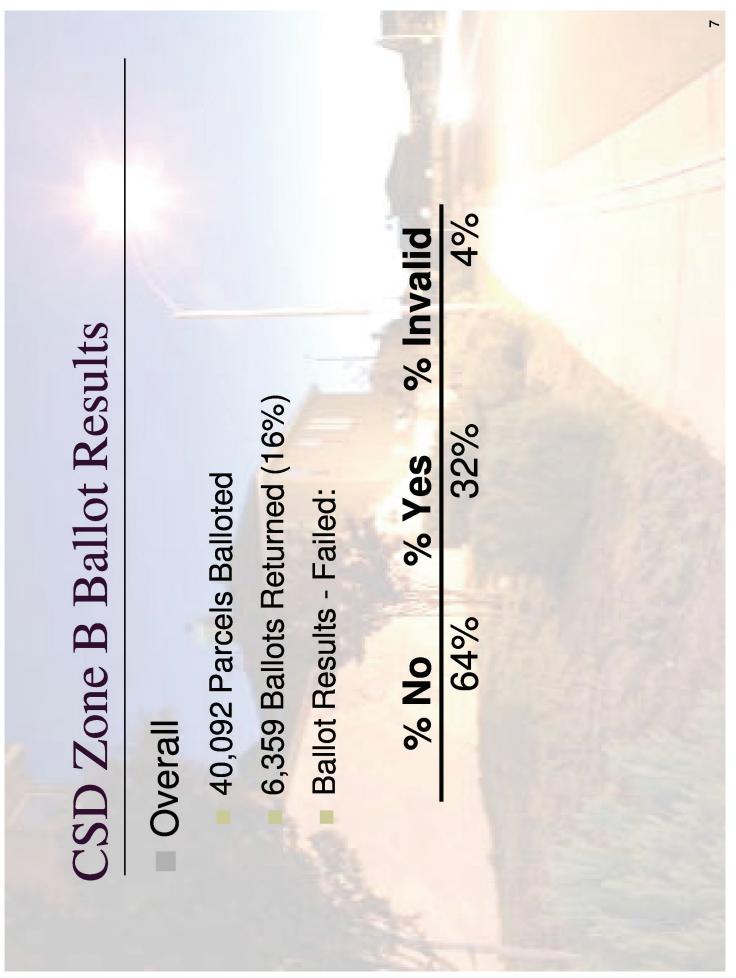
			87%	13%	100%
lysis	143,030	311,807	1,390,256	214,884	1,605,140
Ana]	₩	₩	↔	\$	↔
CSD Zone B Costs Analysis	FY 2009/10 Budget MVU Utility Bills Pole/Electrical Energy	SCE Utility Bills Electrical Energy Pole Lease/Maintenance	Total Utility Bills	Administration	Total

CSD Zone B Operating Budget

350,000		(547,693)	(197,693)
ınaudited) \$	\$ 1,057,447	₩	€
ınce June 30, 2009 (u	\$ 116,045 3,500 929,756 7,396 750 \$ (1,390,256) (214,884)		nd Balance June 30, 2010 *
Estimated Beginning Fund Balance June 30, 2009 (unaudited)	Revenues: Property Tax Advanced Energy Fees Zone B Parcel Charge Investment Interest Income Other Fees Total Revenues Expenses: Utility Bills (Pole/Energy) Other/Admin Total Expenditures	Over/(Under)	Estimated Ending Fund Balar

* Fund balances will not be available to offset future expenses.

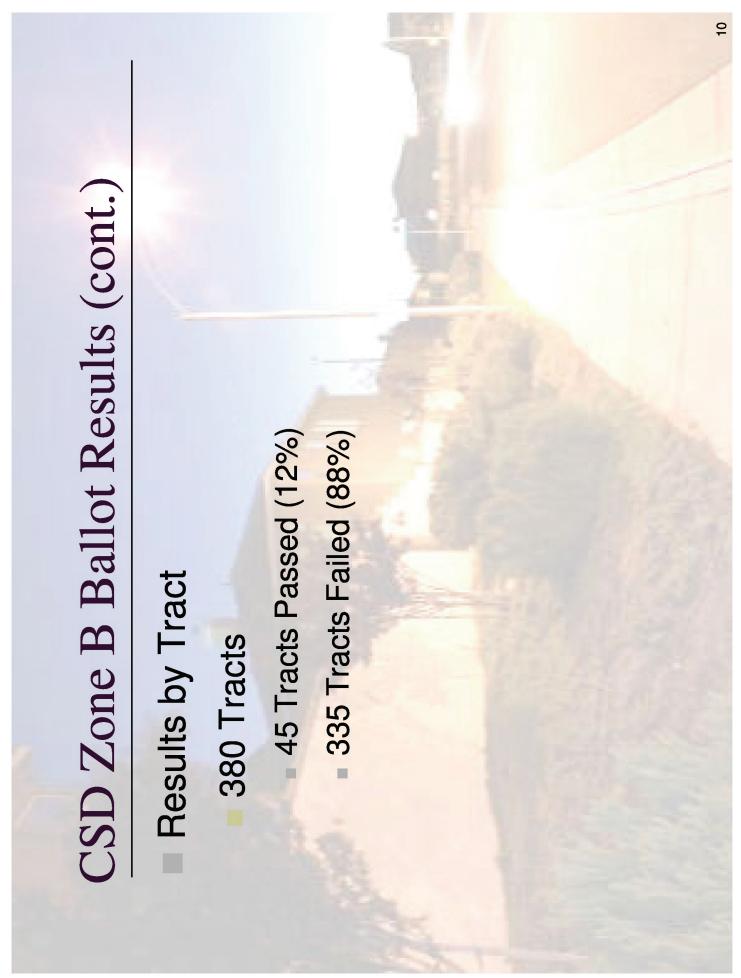




CSD Zone B Ballot Results (cont.)

-ailed:	% Invalid	%9
All F	% Yes	32%
Jan Area −	% No %	62%
Results by Specific Plan Area – All Failed:	Specific Plan	unnymead Ranch

Specific Plan	% No	% Yes	% Invalid
Sunnymead Ranch	92%	32%	%9
Hidden Springs	28%	38%	4%
Moreno Valley Ranch	51%	44%	2%
Sunnymead Village	72%	23%	2%
Cactus Corridor	83%	17%	%0
Promotory Park/Eastgate Ranch	84%	16%	%0
Towngate	%99	31%	3%



Option 1: Remove Streetlights (39%)

- Remove Streetlights to Current Funding Level:
- MVU 327 streetlights turned off
- \$25 per pole/\$8,175 total cost
- SCE 463 streetlight poles removed
- Poles in the ground less than 10 years
- \$1,100 per pole/\$509,300 total cost
- SCE 2,561 streetlight poles removed
- Poles in the ground more than 10 years
- Rewire costs to be determined by SCE

Estimated cost \$517,475/savings \$547,721

Option 2: Temporarily Turn Off (100%)

- Turn Off Streetlights
- SCE \$44 per pole/\$337,700 system wide cost
- MVU \$25 per pole/\$20,775 system wide cost
- Turn On Streetlights
- SCE \$48 per pole/\$368,400 system wide cost
- MVU \$25 per pole/\$20,775 system wide cost
- lease/maintenance costs (\$122.59 per pole) remain while streetlights turned off According to SCE contract, pole
- Estimated cost \$747,650/savings \$224,723

Option 3: Reduce Operating Hours

- Reduce Streetlight Hours to Midnight Service
- Cost to convert sensor to timer
- SCE \$62 per pole/\$475,850 system wide cost
- MVU \$50 per pole/\$41,550 system wide cost
- Energy savings up to \$16 per pole annually
- Payback period 3-4 years
- Estimated cost \$517,400/savings \$135,640

Option 4: Reduce Wattage

- Reduce Streetlight Wattage
- Costs to convert lamps
- SCE \$300 per pole/\$2,302,500 system wide cost
- MVU \$240 per pole/\$199,440 system wide cost
- Energy savings up to \$20 per pole annually
- Payback period 12-15 years

Estimated cost \$2,501,940/savings \$169,549

Option 5: New Technology

- Convert to LED/Solar
- Availability of technology
- California Public Utilities Commission has not approved tariff
- Conversion costs \$500+ per pole/\$4,253,000 system wide
- Energy savings up to \$20 per pole annually
- Payback period minimum 25 years
- Estimated cost \$4,253,000/savings \$169,549

Option 6: Reballot

- Reballot CSD Zone B charge
- City Policy For Conducting Mail Ballot Proceedings
- Property Owner petition requires 6,360 signatures in favor of increase
- City Council may amend Policy to reballot without petition
- Ballot by Sub-areas
- Amend CSD Zone B and Zone C Policy to allow for new service areas
- distributing information to the property owners Contract with Public Relations firm to assist in
- Ballot timeline: approximately 4-6 months

Estimated cost \$100,000

Option 7: General Fund

- General Fund Subsidy
- FY 2009/10 up to approximately \$548,000
- Future years subsidy anticipated to increase based on changes to tariff
- Due to the City's current financial situation, any subsidy would take away from other public services

Summary of Options

					Estimated
		No. of		Estimated	Annual
Option	Description	Poles		Costs	Savings (1)
1	Reduce Service 39%	3,351	क	517,475	\$ 547,721
2	Temp. Turn Off (2)	8,506	8	747,650	\$ 224,723
က	Reduce Hours	8,506	↔	517,400	\$ 135,640
4	Reduce Wattage	8,506	↔	2,501,940	\$ 169,549
2	New Technology	8,506	S	4,253,000	\$ 169,549
9	Reballot (3)		↔	100,000	· •
7	General Fund		\$	547,693	· У

- Estimated Annual Savings may not appear in the same fiscal year where expenses are incurred.
- Per SCE, streetlights may be temporarily turned off for a period up to six months. αi
- Revenues would not be received until FY 2010/11. က

Other Cities Actions

Removing Streetlights

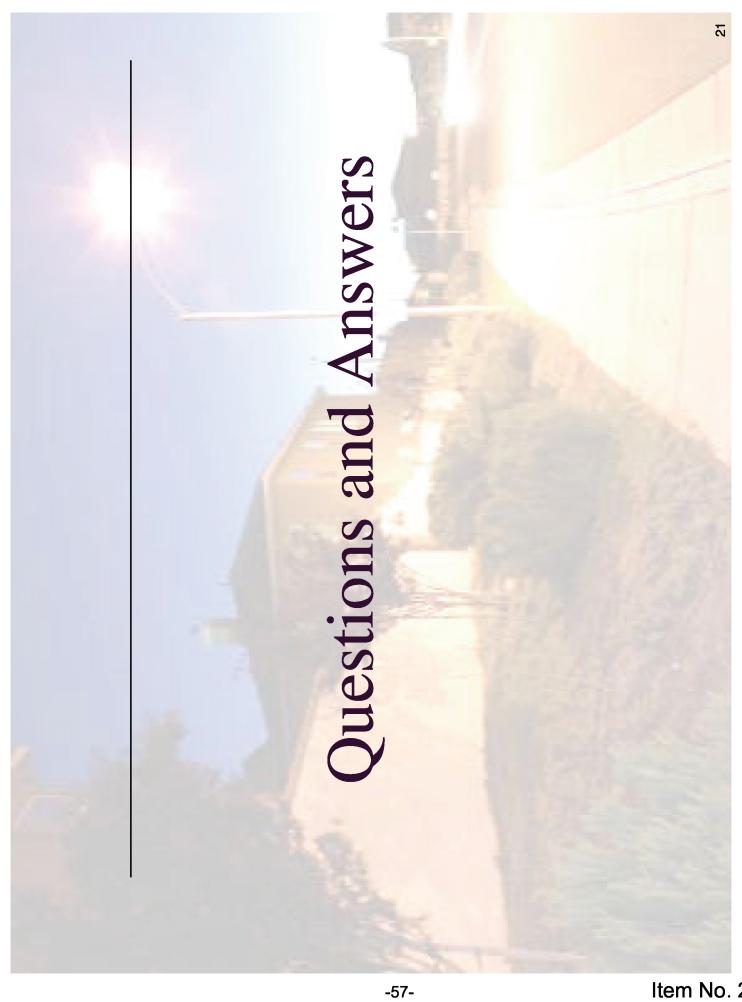
- Lewiston, ME: removing 326 lights out of 3,418
- Athens-Clarke, GA: removing 1/5 of lights
- South Portland, OR: removing 111 lights
 - Rindge, NH: removing 21 lights

Turning Lights off

- Santa Rosa, CA: turning off 6,000 lights, 40% of the system
- Arlington, TX: turning off every other light
- Belmont, MA: turning off 2/3rds
- North Andover, MA: turning off 1/3 of system (626 lights)
- Dennis, MA; turning off 832 lights
- Montgomery, PA; turning off 1/3 of system (31 lights)
- South Portland, ME; turning off 112 lights

Other Actions

- Kennebunk, ME: removing, adding, and changing fixtures
- Santa Rosa, CA: streetlight adoption program to keep lights on. 33% of remaining system converted to midnight
- Scottsdale, AZ: using reserves to reduce charge
- Lawrence, KS: buying utility system
- Columbia, MO: replacing with lower wattage or removing 821 lights
- Northfield, MN; charging new streetlight fee



Item No. 2.

This page intentionally left blank.