



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

August 16, 2011

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 Mel Alonzo, ADA Coordinator at 951.413.3027 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.

Jesse L. Molina, Mayor Pro Tem
Robin N. Hastings, Council Member

Richard A. Stewart, Mayor

Marcelo Co, Council Member
William H. Batey II, Council Member

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CITY COUNCIL OF THE CITY OF MORENO VALLEY
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COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO
VALLEY**

**STUDY SESSION - 6:00 PM
AUGUST 16, 2011**

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. ALLEYS WITHIN THE CITY (POWERPOINT PRESENTATION)
(PW/BATEY/STEWART/10 MIN.)
2. RIVERSIDE COUNTY HABITAT CONSERVATION AGENCY (RCHCA)
(POWERPOINT PRESENTATION) (BATEY/HASTINGS/10 MIN.)
3. BEAUTIFICATION CORRIDOR DISCUSSION (POWERPOINT
PRESENTATION) (PW/20 MIN.)
4. CONSULTANT STUDY OF LAND DEVELOPMENT AND CAPITAL
PROJECTS DIVISIONS (CM/30 MIN.)
5. PROPOSED BUSINESS LICENSE TAX AMNESTY PROGRAM
(F&ASD/10 MIN.)
6. REQUEST FOR CITY COUNCIL DIRECTION IN PROCEEDING WITH AN

ELECTION ON THE QUESTION OF DIRECTLY ELECTED MAYOR
(CA/20 MIN.)

7. 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: 5

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

Number of Cases: 5

3 SECTION 54957.6 - LABOR NEGOTIATIONS

a) Agency Representative: Henry T. Garcia
Employee Organization: MVMA

b) Agency Representative: Henry T. Garcia
Employee Organization: Moreno Valley Confidential
Management Employees

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

ADJOURNMENT



ALLEYS WITHIN THE CITY

By Mark W. Sambito, P.E.
Engineering Division Manager
August 16, 2011



Overview

- **Council Request**
- **Definition of an Alley**
- **Number of Alleys within the City**
- **Evaluation**
- **Potential Removal**
- **Elimination Process**



Council Discussion on Alleys

- October 21, 2008 Council Study Session
- Originally a Concern with Alleys in the Edgemont Area
 - Security Problems
 - Illegal Dumping
 - Other Illegal Activities
- Council Inquired About Vacating Existing Alleys back to Homeowners
- Staff Directed to Locate Alleys City-Wide

Definition of an Alley

- Municipal Code
 - “Alley” means any street less than twenty-five (25) feet in width between property lines.
- Wikipedia
 - An alley or alleyway is a narrow lane found in urban areas, often for pedestrians only, which usually runs between or behind buildings.

In some urban developments, a service road may be built to allow for rear access for waste collection, emergency access and parking.

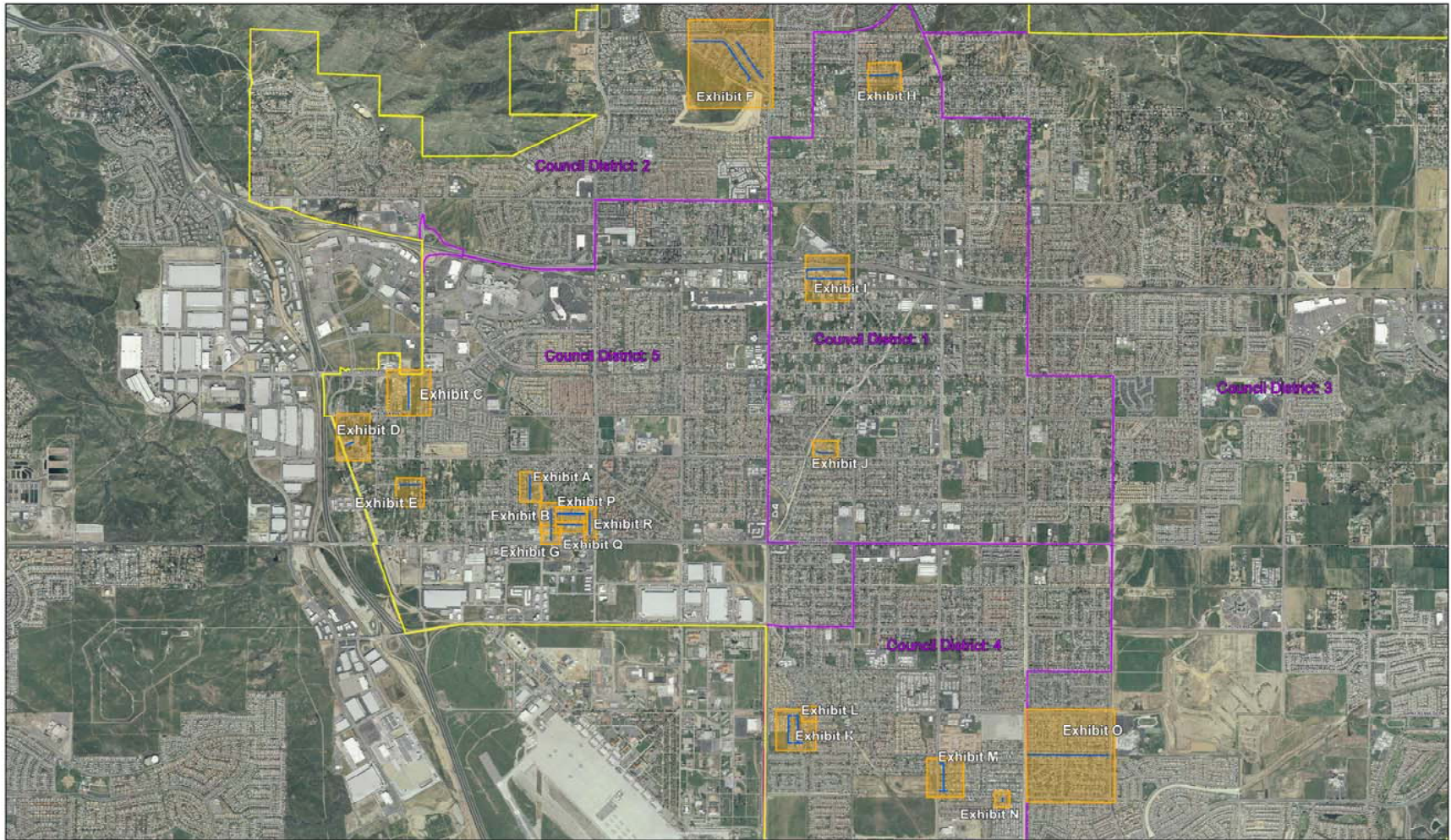


Number of Alleys within the City

- How many possible alleys are within the City?
 - Review aerial maps
 - M&O Staff
 - Inspection Staff
 - Field Investigation



City Map with Alleys



CITY OF MORENO VALLEY
ALLEY STUDY 2011 EXHIBIT: OVERVIEW



Map Produced by Moreno Valley
Geographic Information System
Geographic Information in
State Plane NAD83 California Zone 10 Feet
G:\ArchMap\Land Development\Alley Study 2011\010\review.mxd
April 20, 2011



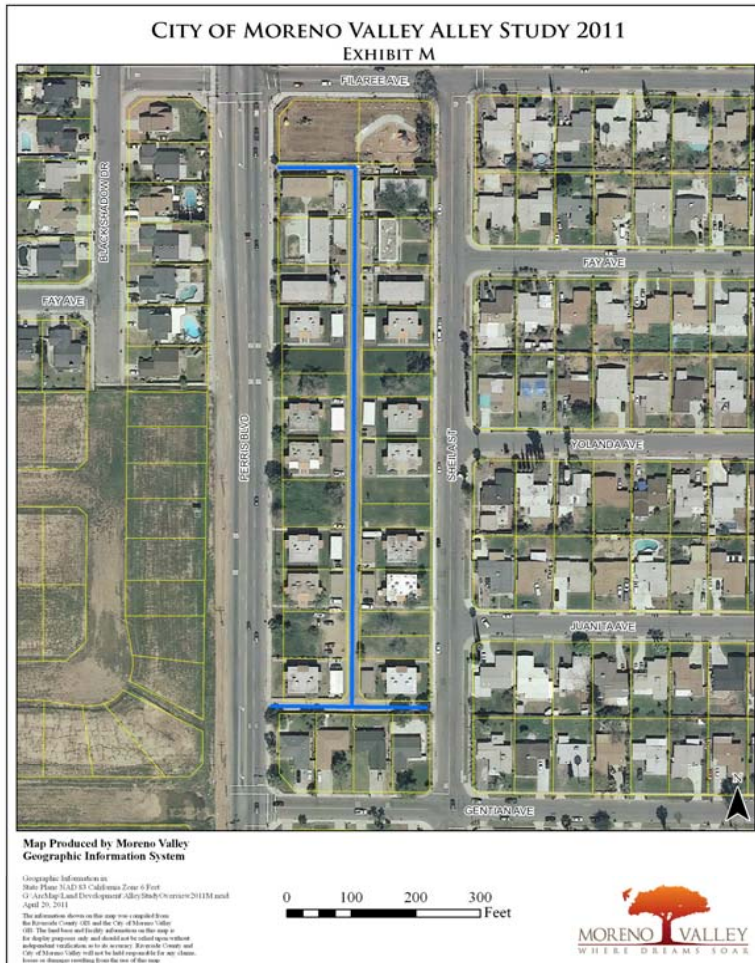
Exhibits of Existing Alleys

Alley Located Between Vought Street And Bay Avenue, East Of McDonnell Street
Dedicated Alley, Fences Constructed Either Side for Utility Access. City Maintained.



Exhibits of Existing Alleys

Alley located between Perris Boulevard and Sheila Street, South of Patriot Park
Dedicated Alley, Fences and Carports Constructed Either Side for Access. Not City Maintained.



Exhibits of Existing Alleys

Alley located between Kitching Street and Lasselle Street, South of Margaret Avenue
Common Property Line at Center of Alley, Fences Separated for Utility Easement. Not City Maintained.





Evaluation of Existing Alleys

- Do we need alleys?
- How many could possibly be eliminated?
- Purpose
 - Existing Utilities
 - Vehicular Access
 - Fire Department Access
 - Easements
 - Drainage
 - Needs of Other Agencies
- Current Ownership of eligible allies?



Reasons for Removal

- Reduce City Maintenance Costs
- Eliminate Illegal Dumping
- Reduce Crime
- Reduce Blight
- Enhance/Enlarge Private Properties



Elimination Process

- Need Approval of Utility Company
- Provide easement(s) as needed for utility companies
- Relocate fence lines
- Remove any existing pavement and debris
- Legal process – Vacation

Legal Issues

- Evaluate each alley on a case-by-case basis
- Does vacation violate State Constitution regarding a Gifts of Public Funds?
- Does the City extinguish an existing easement?
- If we vacate the use, who does the property revert back to?
 - Fee Title
 - Grant Deed
 - Dedication
- Perception that City may have been aware of any hazards related to the vacated property
- Residents would be responsible for additional property taxes on area added to their parcels



Vacation Process

If directed by Council to vacate existing alleys, the following process will be followed:

- Check Parcel Map to see if the issue can be resolved without a vacation
- Create vicinity/site map that identifies area to be vacated – needed for letters to utility companies
- Prepare legal and plat
- Obtain Title Report – check property ownership and easements
- Send out letters to all utilities regarding Intent to Vacate and hearing date (requesting response within 4 weeks)
- Send courtesy letter to adjacent property owners of City's Intent to Vacate

Vacation Process (cont.)

- Write and schedule Staff Report for CC meeting and Resolution of Intent to Vacate
- City Clerk's office publishes the approved Resolution of the Intent to Vacate in a newspaper of general circulation
- Notice of Intent to Vacate must be posted conspicuously along the street to be vacated
- Public Hearing is held at date and time specified in the Resolution of Intent to Vacate, and the Public Hearing is at the same CC meeting as the Staff Report to Vacate the property
- City Clerk sends the Resolution of vacation to the County for recordation
- The vacation is complete once it is recorded by the County



Questions?



RIVERSIDE COUNTY HABITAT CONSERVATION AGENCY

PRESENTATION
TO THE
MORENO
VALLEY CITY
COUNCIL

RCHCA

RIVERSIDE COUNTY HABITAT CONSERVATION AGENCY

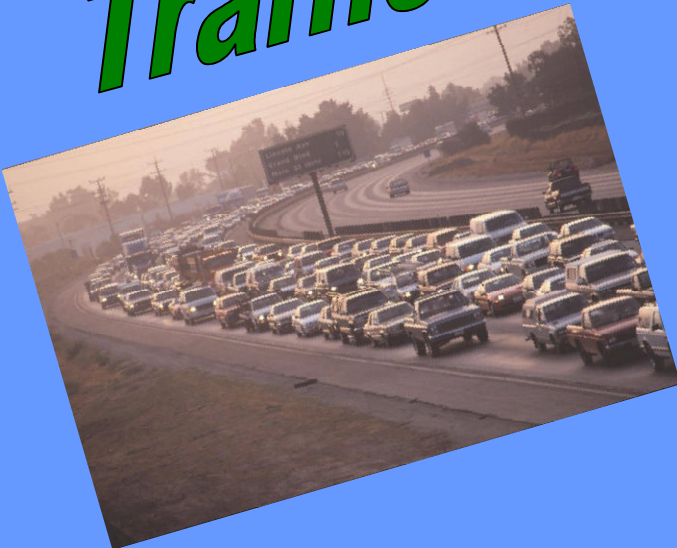


Mission Statement~

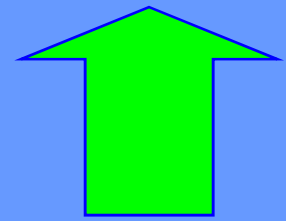
Promoting Successful Land Management through
Responsible Conservation, Coordination & Collaboration

Riverside County "Grew"

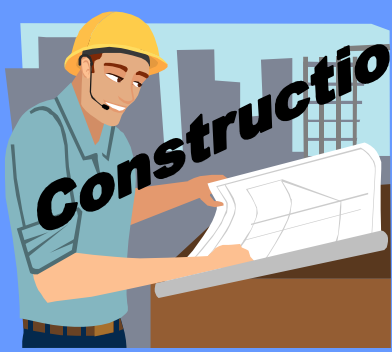
Traffic!



Family!



Housing!



Construction!



Development!



HABITAT "Shrank"



BACKGROUND

Endangered Species Act

Established in 1973

Congress declared that various species of fish, wildlife, and plants in the U.S. have been rendered extinct as a consequence of economic growth and development untempered by adequate concern and conservation

Stephens' Kangaroo Rat

Listed as Endangered in 1988

A species of rodent in the Heteromyidae family

Endemic to Southern California

Natural habitat is sparse grassland and coastal sage scrub

Threatened by habitat loss as a result of economic growth and development

BACKGROUND

The RCHCA (Joint Powers Authority) was formed in 1990

For the acquisition, administration, operation, and maintenance of land and facilities for ecosystem conservation and habitat reserves for the Stephens' kangaroo rat and other listed or candidate threatened or endangered species

RCHCA Joint Powers Authority Member Agencies

Original Member Agencies

Hemet

Lake Elsinore

Moreno Valley

Perris

Riverside

County of Riverside

Later Additions

Temecula

Corona

Murrieta

Menifee

Wildomar

RCHCA Board Members

Corona



Mr. Eugene Montanez

County of Riverside



Supervisor Bob Buster

Hemet



Ms. Linda Krupa

Lake Elsinore



Mrs. Melissa Melendez

Menifee

VACANT

Mr. Fred Twyman

Moreno Valley



Mr. William Batey

Murrieta



Mr. Alan Long

Perris



Mr. Mark Yarbrough

Riverside



Mr. Mike Gardner

Temecula



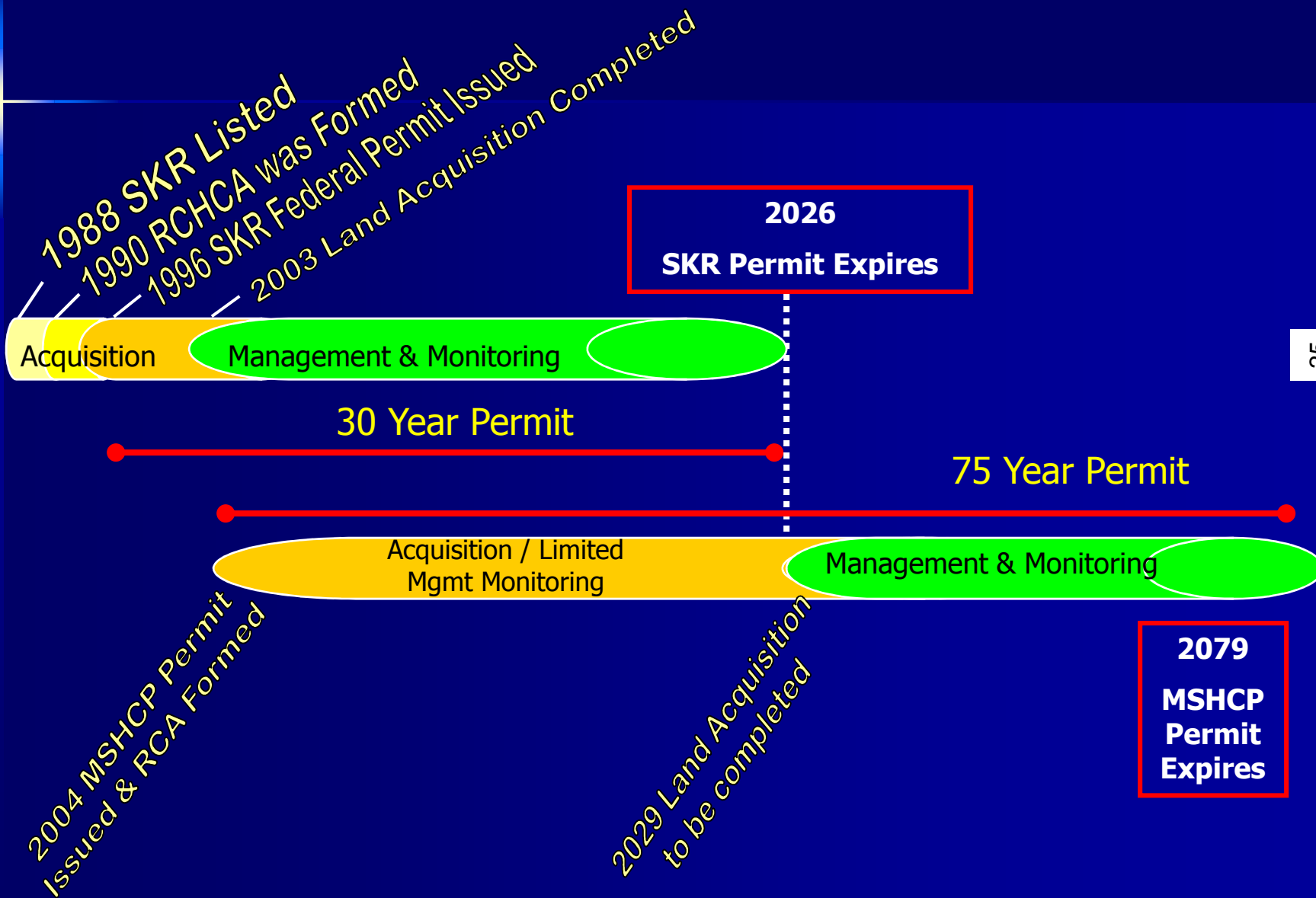
Ms. Maryann Edwards

Wildomar



Mr. Ben Ben

Timeline of Important Dates



Features of SKR Plan

- ✓ Requires the dedication of approximately 41,000 acres to conservation of which 12,500 acres are occupied by SKR
- ✓ Conservation allows for “incidental take” of SKR outside core reserves

What is “Incidental Take”?

Capturing or killing of an endangered plant or animal

...harassing, harming, pursuing, hunting, shooting, wounding, trapping, capturing, or collecting

...significantly impairing essential wildlife behavioral patterns including breeding, feeding, or sheltering

- ✓ Allows for residential, commercial, and industrial development as well as construction of public facilities
- ✓ Provides for ongoing management of the SKR reserve lands

Permit Requirements

- Annual Report
- Management and Monitoring
- Fee

Permit Requirements Mitigation Fee

Amount of fee

- ✓ Originally \$1,950/acre (parcel)
- ✓ In 1996 the fee was reduced to \$500/acre (parcel)

Use of fee

- ✓ Acquire land
- ✓ Manage land

Note:
Unlike MSHCP fee, SKR fee can be
used for management



Activities of the RCHCA

- Administration
- Monitoring
- Management
- Research
- Educational Outreach

Administration

- Prepare for meetings of the JPA
- Oversee finances
- Participate in reserve management
- Conduct meetings of reserve managers
- Oversee research
- Prepare Annual Report
- ...a million other things

Monitoring



Management



-32-

Item No. 2.

Management Partnerships



CALFIRE



US Fish and Wildlife Service

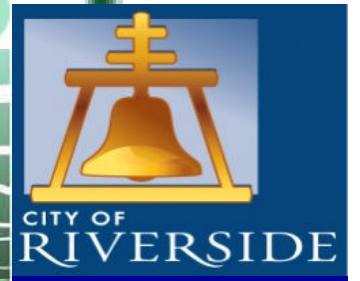


AmeriCorps

Management Partnerships



PEDRO INDOCOCHA



Research

Behavioral Ecology and Translocation of Stephens' kangaroo rat, (*Dipodomys stephansi*)



Debra M. Shier, Ph.D.
Division of Applied Animal Ecology

Research – SKR Translocation



"Charismatic Minifau"

Educational Outreach





240
STUDENTS

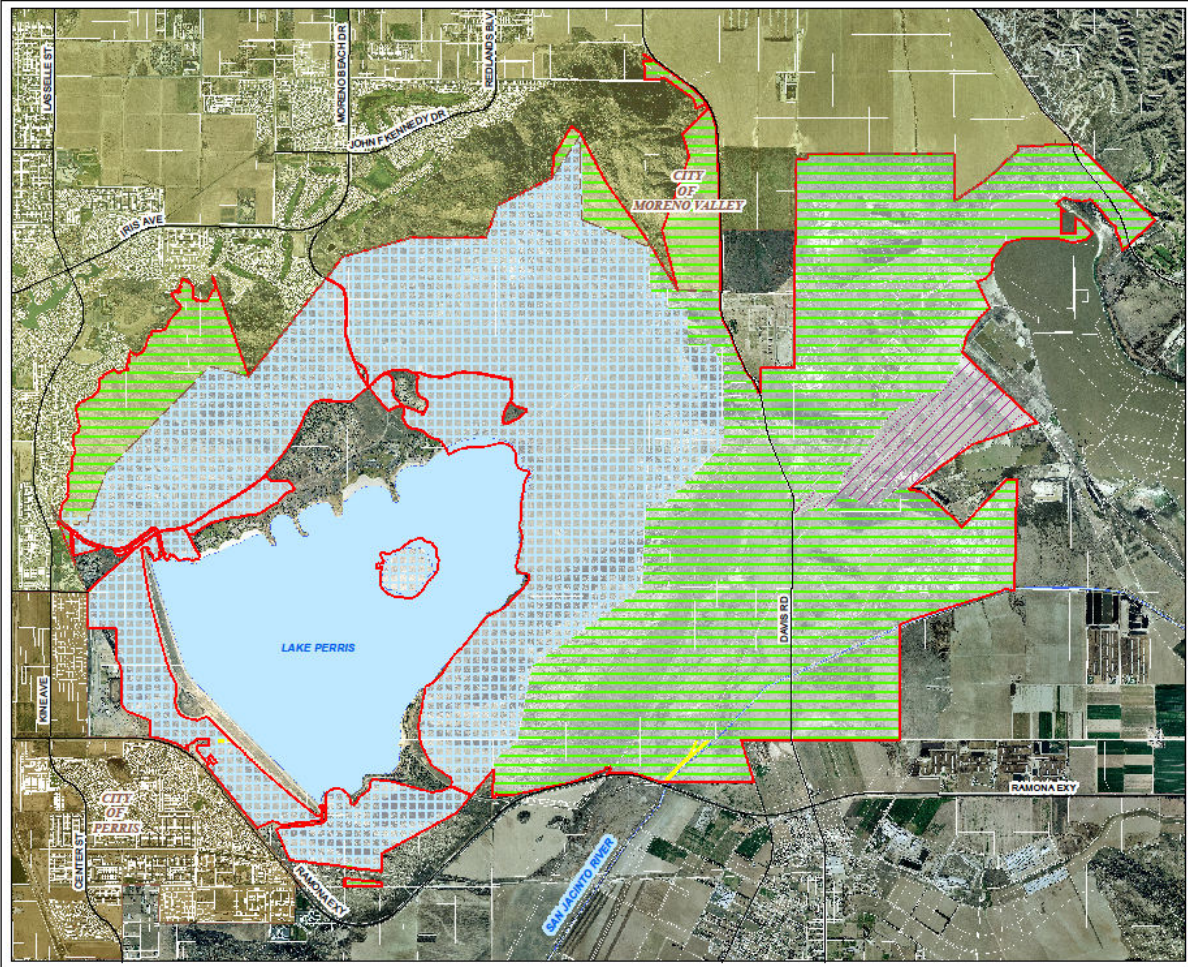




*The real voyage of discovery consists not in making
new landscapes but in having new eyes.*

Marcel Proust

San Jacinto/Lake Perris Reserve

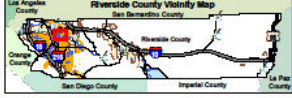
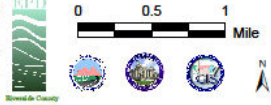


RCHCA

RIVERSIDE COUNTY HABITAT CONSERVATION AGENCY

SAN JACINTO/ LAKE PERRIS CORE RESERVE

- MAJOR ROADS
- CITY
- CORE RESERVE BOUNDARY
- PARCEL LINES
- WATERBODIES EXCLUDED FROM CORE RESERVE
- OWNERSHIP
 - COUNTY OF RIVERSIDE LAND
 - STATE OF CALIFORNIA
 - CDFG CONSERVATION EASEMENT
 - STATE PARK



Date: October 2, 2007
 Map Source: County of Riverside, TLMAGIS. Map Created By: Rebecca Kotnik, Christina Lindsey
 U:\Projects\Chilina\RCHCA\San_Jacinto_Lake_Perris\GIS_LP_11x17.mxd
 Coordinate System: NAD83 State Plane VI FIPS406 (Feet)
 Disclaimer: Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the current data source or other third party's accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

SKR HCP Boundary Modification - 06/2007

How does Moreno Valley Benefit?

- “Take” coverage for SKR
- Low fee
- Proximity to vast open space and a voice in how that open space is managed

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Beautification Corridor

City of Moreno Valley



Goal Setting Workshop

- **May 18, 2011 – Council Discussion**
- **Enhance City Image**
 - **Review Options for a Citywide Corridor Beautification Program for Council consideration**

Purpose and Objectives

- Create Unity and Cohesiveness
- Improve and Create Community Pride
- Ensures Continuity – linking different areas
- Creates a Sense of Place
 - ▣ Community's History
 - ▣ Enhances Character

Median Design

- Utilize materials reflecting the character of the area
 - ▣ Use of rock, brick, decorative concrete and other inert materials
- Coordinate textures and colors
- Establish a plant palette
- Implement water conservation technology
- Long term viability
 - ▣ Low maintenance

Other Communities

- Riverside
 - Texture - design
 - Low Maintenance
 - Low Water



Other Communities

- Grand Ave, San Diego area
 - ▣ Color
 - ▣ Low Maintenance
 - ▣ Multiple hardscapes



Other Communities

- El Cajon
 - ▣ Color
 - ▣ Low Maintenance



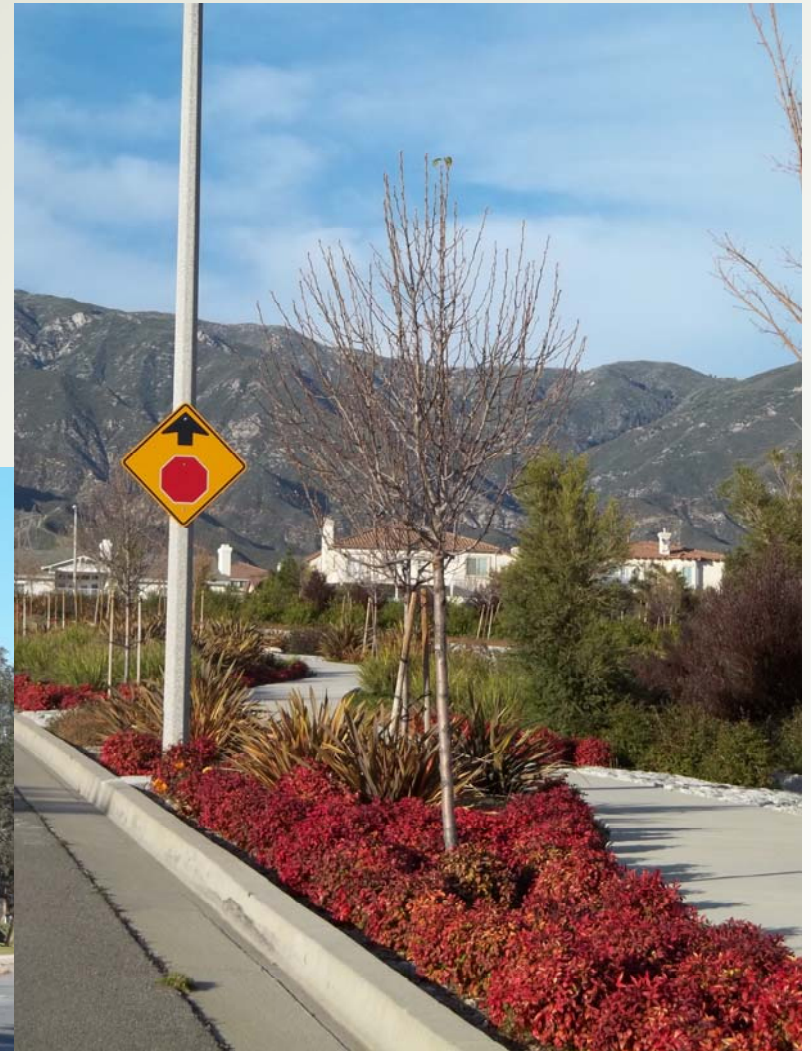
Other Communities

- Riverside
 - Theme
 - Tied into Parkway
 - Variety



Other Communities

- Rancho Cucamonga
 - ▣ Low Maintenance
 - ▣ Tied into Parkway
 - ▣ Color



Other Communities

- Half Moon Bay
 - ▣ Character - Rocks
 - ▣ Color
 - ▣ Low Maintenance

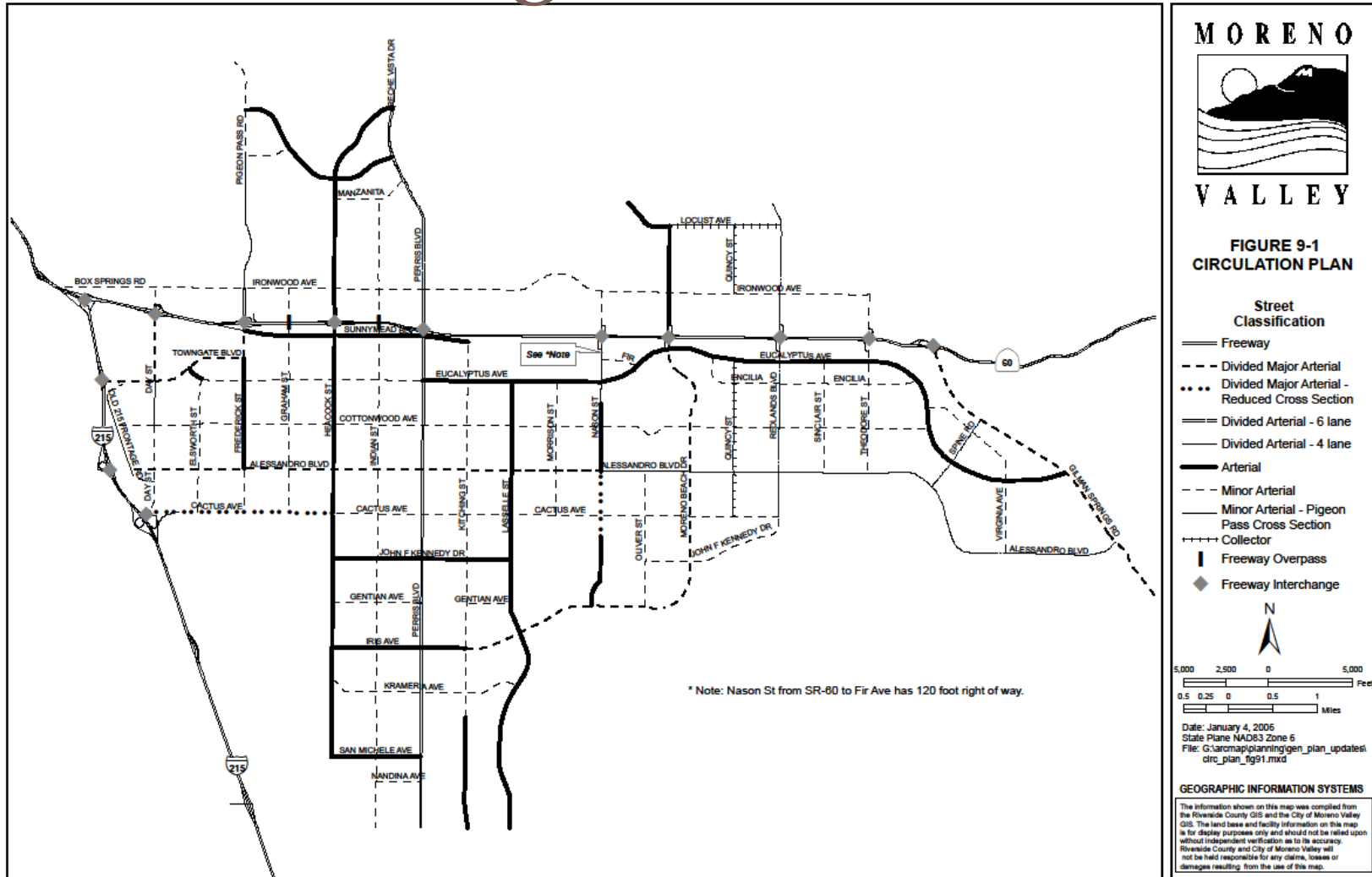


Existing Resources to Evaluate

- Economic Development Action Plan
- Capital Improvement Plan
- Specific Plans
- Circulation Element
- Landscape Guidelines
 - ▣ Street trees
- Alessandro Corridor Study
- Other Communities

Circulation Plan

Streets Designated for Medians

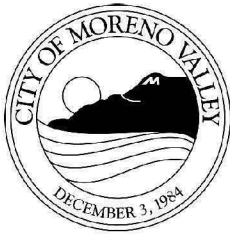


Option

- **Landscape Architect – RFP**
 - **A Citywide Median Master Plan**
 - 3 designs
 - Plant Palette
 - \$25,000-\$30,000 (estimate)

Next Steps

- Council Concurrence
- Issuance of RFP to develop plant palette for corridors
 - ▣ Determine Actual Cost
 - ▣ Identify Funding Source for Council Consideration



APPROVALS	
BUDGET OFFICER	<i>[Signature]</i>
CITY ATTORNEY	<i>[Signature]</i>
CITY MANAGER	<i>[Signature]</i>

Report to City Council

TO: Mayor and City Council

FROM: Michelle Dawson, Assistant City Manager

AGENDA DATE: August 16, 2011

TITLE: Consultant Study of Land Development and Capital Projects Divisions

RECOMMENDED ACTION

Staff recommends that the City Council receive and file the consultant's study of the Land Development and Capital Projects Divisions.

BACKGROUND

The City Manager has been mandated by the City Council to enhance and facilitate services to the development community. Part of this process is a thorough review and assessment of the development and engineering-related operations within the City. In April the City Manager's Office contracted with consultant Tom DeSantis to conduct an independent study of some of these operations, including the Land Development and Capital Projects Divisions.

DISCUSSION

The City Council recently approved an Economic Development Action Plan establishing a path for the City to advance economic development and make Moreno Valley a major business development area in Southern California. The Council also established prioritized goals at the recent Goal Setting Workshop; two of the five prioritized goals were 1) Job Creation and 2) Focus on Economic and Tax Base Development. In order to progress in achieving these goals and enhance the City's development services, the City Manager contracted with a consultant to obtain an objective, independent and thorough assessment of the City's development and engineering-related operations. The consultant, Tom DeSantis, has completed his assessment of the Land Development and Capital Projects Divisions and is presenting a summary of his report

to the City Council. Many of the recommendations included in the study have already been implemented by City Staff.

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.

Public Facilities and Capital Projects. Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

ATTACHMENTS

Attachment: Report prepared by Consultant Tom DeSantis

Prepared By:
Michelle Dawson
Assistant City Manager

Concurred By:
Chris Vogt
Public Works Director/City Engineer

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

Public Works Department



Land Development Division Capital Projects Division

Report prepared by:

Thomas M. DeSantis
Consultant

July 2011

INTRODUCTION

This study was undertaken to assist the Public Works Department and City Manager's Office in defining key issues and challenges facing the Public Works Department.

The study focused on two of the Department's most high profile areas - - the **Land Development** and **Capital Projects** Divisions. Research was targeted toward the following areas:

- Functional Organization
- Staffing
- Workload Indicators
- Resource Management
- Best Practices
- Contracts
- Technology
- Customer Feedback & Process Enhancement
- General Management Practices
- Project Management
- Accountability
- Performance Measurements
- Communication/Reporting

The approach relied upon examination of a broad series of indicators through which stakeholders could effectively gauge the overall status of the Department in its important public service mission. Research included thorough review of existing documents, interviews with Public Works managers and analysis of specific information requested from City staff.

The report is presented in two sections, one pertaining to each Division. Observations/findings are presented in each, immediately followed by recommendations relevant to the topics addressed. Findings have been quantified according to the methodology presented herein, and are intended to present complex data and trends in a reader-friendly fashion. The Land Development Division report concludes by addressing a potential restructuring opportunity which could significantly enhance service delivery.

The Consultant gratefully acknowledges the significant effort required of the highly professional staff members within the Public Works Department who compiled extensive information essential for this study. In many cases, this involved compiling historical data not previously catalogued in the manner presented herein. The positive spirit with which they approached this undertaking is profoundly appreciated.

It is hoped that the results of this study, and the methods of data collection created for its purposes, will provide meaningful information for the many internal and external stakeholders in the continued success of Moreno Valley's Public Works Department.

Land Development Division

A high-visibility Division within the Public Works Department, Land Development is responsible for the review and approval of all private development projects within the public right-of-way including tentative maps, tract and parcel maps, lot line adjustments, monument inspection, environmental impact, and soil and hydrology reports. This Division generates entitlement conditions of approval and development agreements, establishes bond amounts for development projects, reviews and approves storm drain, street improvement and grading plans, and provides inspection services for all development-related projects. Other key functions include administering permits and inspections in the public right-of-way, coordinating engineering issues with other public agencies (regional, utility, water) and performing special engineering studies (such as drainage, alley identification and right-of-way clarification). The Storm Water Management Section implements a Watershed Management Program integrating programs and policies including best management practices to reduce pollutants in urban runoff and flooding of property.

The report on this Division is presented in two sections, the first which addresses organizational culture and practices and the second which pertains to Productivity Measures. Observations/findings are presented in each sub-section, immediately followed by recommendations relevant to the topics addressed.

Part I: Organizational Culture & Practices

Staffing

As indicated in a subsequent section of this report, workload and productivity measures are primarily associated with positive steps taken by the Division to extensively track the status of all pending applications/projects. While this comprehensive tracking method is focused upon accountability (being able to respond to inquiries regarding status and timing), it is not specifically mentioned in documents which pertain to staffing level adjustments.

While it is entirely likely that Deficit Reduction Options (DRO) to reduce staffing are crafted with workloads in mind, the absence of workload/productivity measures forces managers to rely upon their general perceptions forged over time rather than upon data.

DRO recommendations (to reverse a prior transfer of staff to Capital Projects) cite anticipated drops in workload driven by fewer capital projects. While DROs refer to anticipated negative impacts of position transfers and elimination, they cite overall declines in projects rather than specific workload indicators (tied to individual employees or work groups). Additionally, the DROs project significant negative impacts in customer service. Although project-specific support is also supported by fee revenues, it would have been logical to anticipate fee-supported use of consultant work to sustain basic services to customers. Noticeably absent are any references to using this fiscally-driven process to establish baseline staffing levels, which would be augmented (as development activity rises) via consultant staffing through contracts which cap contract rates at 80% of the fees generated.

In its current (reduced) configuration, the Division appears to be operating in an “all hands on deck” modality; staff members are handling tasks as they arise. The tasks and specialties of Engineers (in the Plan Check function) vs. Environmental Engineers (in the Stormwater Program) are as distinct as the funding sources which support their activities.

The extensive amount of tracking (financial and operational) associated with this Division, as well as the processes required for security reductions (as an example) indicates that the remaining Management Analyst position is well utilized.

The reduced staffing level within this Division is forcing maximum utility of the skill sets present within Land Development.

While formal cross-training of staff is limited, longevity and close working relationships greatly assist the staff in providing continuity of service in situations where a regularly assigned staff member is unavailable.

Recommendation: Productivity measures regarding individual functions should be established, particularly given the availability of data via the existing Case Tracking mechanisms. Any such approach must recognize that simply counting cases processed (for example) is an insufficient means by which to judge overall productivity, since cases differ in complexity and construct. But adding this dimension to the Division’s existing management tool box will significantly enrich management’s ability to pinpoint areas of concern, streamline processes and recognize outstanding employee performance.

Recommendation: The Department should use the current budget situation to prescribe specific baseline staffing levels. Doing so would ensure that the Department retains the core level of in-house expertise to sustain basic operations, augmented (as needed) by contract staff. This approach would

provide the Department with flexibility to rapidly adapt to changing workloads without the expense, or organizational trauma, associated with expanding/contracting the permanent (career position) work force through economic cycles. While this may be the intention of Department managers, plainly stating this objective in terms of a policy recommendation to the Council offers several distinct advantages:

- Provide an increased sense of stability among remaining in-house staff, whose morale has been reported to be significantly impacted by ongoing reductions in force;
- Preclude continuing boom/bust cycles within the Land Development Division in the years ahead;
- Potentially set the stage for further discussions and policy decisions by the City Council with regard to their vision for Moreno Valley as a Contract (or Hybrid Contract) City.

Intra-Departmental Synergy

The Land Development Division must work extremely closely with Planning throughout the Plan Check process. By virtue of their respective functions, Planning takes the lead on the Entitlement process (for conformance with General/Specific Plan requirements); Land Development moves to the lead on the public infrastructure Plan Check phase for engineering aspects (such as final maps and parcel maps). In contrast, Community Development retains responsibility for all phases of private development approvals through occupancy.

Within the Department, LD coordinates with Capital Projects via that Division's Quarterly Utility Coordination Meeting. All public utilities attend, where they discuss all City projects to identify potential problems/conflicts, and alert other parties to prepare for (or phase) their own project schedules. (This level of coordination minimizes repeated work in areas where activities, such as paving, are scheduled or have been recently completed.)

Several examples (below) reveal the extent to which intradepartmental coordination is taking place and enhancing Departmental efficiencies:

- LD provides peer review for Capital Projects staff (e.g. assisting with examining potential flooding impacts, etc.).
- LD coordinates with MVU on reduction requests (to partially release bonds).

- Close contact with the Capital Projects team allows LD to make them aware of private development projects occurring in the vicinity of City projects.
- LD loans staff to Capital Projects to assist with City's ADA Plan.
- LD and Capital Projects share inspectors to cover workload spikes (to include developer-paid overtime).
- LD works with Maintenance & Operations regarding easements for repairs of potholes, sidewalks, drainage, traffic cones for planned road closures (for special events).
- LD coordinates with Transportation for Traffic Signal issues (set devices to flash or pursue adequate battery backup) associated with work being done by developers or utilities.
- LD requires Transportation sign-off for approval of traffic signal plans.
- LD provides inspection services (fully reimbursable) to MVU. This use of staff is synergistic and cost-efficient for both Divisions, while reducing costs for both.

It should be noted, however, that the level of interaction seen between Land Development and other Divisions and Departments, is functionally logical and would exist whether Land Development were a component of the Public Works Department, a stand-alone Department, or merged into another City Department.

Best Practices

The Land Development Division neither refers to nor benchmarks its processes against any sources of external Best Practices. Division operations are guided primarily by the Subdivision Map Act as well as an internal Procedural Manual.

The Division Manager participates in forums which allow professional networking; these forums do allow occasional coordination among specialists in the field who exchange insights regarding how their respective agencies address specific situations.

The Division's "Walk the Process" Workshop (in late 2007) provided developers with a wealth of information to assist them in navigating the City's development review process. Although some time has elapsed since that training session, lasting benefit is derived through the Handbook created at that time. This

resource continues to provide developers with procedural information (to include flow charts) as well as helpful insight (“Tips & Tricks”) to help equip them for efficient interaction with city staff members. As there is no similar “Tips & Tricks” training document to assist staff in quickly addressing common problems encountered by customers, development of such a reference tool could help round out the Division’s commitment to customer service.

The lack of external Best Practices, combined with the Division’s limited use of productivity indicators, could isolate the Division from opportunities to accurately gauge its performance and continue to refine its processes. Further, it places the Division largely in a *reactive* position, where process enhancements come largely in response to situations encountered locally.

Through research conducted for this report, it was observed that Land Development’s current staffing configuration does not allow it to offer Fast Track review processes to support private development. While developers have the option of seeking rapid inspections on a full-cost reimbursement basis, engineering review services are not currently available on the same basis. This situation does not appear to reflect any lack of desire to provide quick turnaround on engineering services, but instead reflects an unintended consequence of necessary staffing reconfigurations which have left Land Development without Assistant Engineers (a classification which can carry out assignments beyond the standard business day on an overtime basis). Although continued funding constraints will likely preclude a return of the Assistant Engineer classification to Land Development, the Division could offer quick turnarounds on engineering review - - on a fully reimbursable basis - - via consulting contracts. When asked if this service would be seen as beneficial to the City’s economic development programs, the EDD Director indicated interest in adding this option.

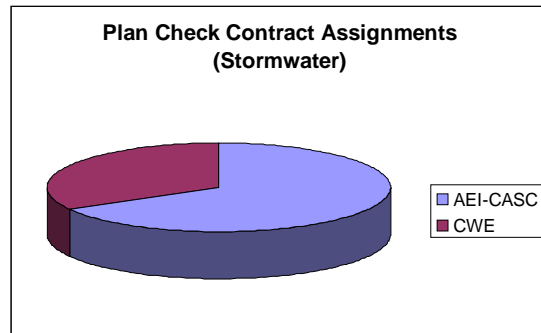
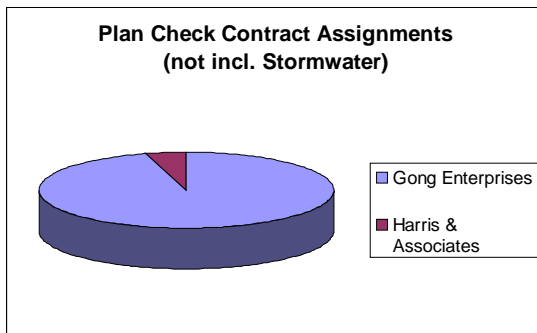
Recommendation: Recognizing the limitations of current staffing levels, the Public Works Department should consider approaching the University of California Riverside (Bourns College of Engineering) to explore the prospect of enlisting the assistance of graduate students in identifying Best Practices and proposing a measurement process for the Land Development Division.

Recommendation: Consistent with the City’s strong emphasis on job creation, the Land Development Division should immediately implement a Fast Track engineering review process to support private development projects. Because current staffing configurations do not support reimbursable engineering review (on an overtime basis), and because the demand for this additional level of service will fluctuate, the Division should establish this option via contracts with outside engineering firms.

Contracts

Contracts are used to provide Final Map Check, primarily since the City staff does not include a licensed Land Surveyor. These contracts also allow the Division to augment in-house staffing to handle peak workloads; because contractor reimbursement is capped at 80% of the City's fee schedule, this alternative remains cost effective for developers as well as the City. The Division Manager reports previous situations (under previous city administrations) where expanded use of contractors to address workload was frowned upon because it leads to enhanced appropriation levels; since contract assistance is fully supported by fees, the appropriations are more than offset by available revenues.

The Division uses four contractors for plan review (two for general activities and two for the Stormwater program). Vendors were identified in 2006; at that point two additional firms were selected for participation but have since discontinued their support. Contracts have been renewed and are scheduled to be subject to RFP in 2012.



Staff indicates that work is regularly alternated between the two contractors supporting each respective work unit. But a review of actual projects assigned by Land Development (not including Stormwater) in Fiscal Years 08-09, 09-10 and 10-11 shows that 22 projects were assigned to Gong Enterprises and only 1 was assigned to Harris & Associates. Within the Stormwater Program, AEI-CASC reviewed 96 projects as compared to only 48 assigned to the CWE firm. Division staff indicated that rotation of work assignments could change in the event that a contractor is not sufficiently responsive; no mention was made of any requirement for specific skill sets when determining which pre-qualified firm to utilize. The information at hand clearly indicates that the assignment of work to contractors is extremely unbalanced, and warrants management attention. The potential for creating de facto "exclusive" contractors could prove disadvantageous to the City when a new RFP is issued in 2012; broader participation yields a more competitive climate in terms of both pricing and service delivery.

Recommendation: The Land Development Division Manager should review the current process through which staff assigns Plan Check projects among pre-qualified firms. Remedying the existing imbalance will enhance services and contract costs via the RFP process scheduled for 2012.

Technology

The Land Development Division has instituted the Grading component of the Permits Plus system. The tool, which meets the Division's basic needs, was selected for compatibility with other City Departments already using other components of this software. There are no measures which show the extent to which this initial Permits Plus implementation has affected productivity within the Land Development Division.

While deploying additional Permits Plus modules would allow the Division to more effectively integrate/automate its processes, the cost and time associated with programming all of the relevant fee components has precluded such an initiative. In the meantime, in-house tools such as Project TRAK are in use.

Recommendation: The Land Development Division should consider opportunities to obtain technology funding (grants, financing opportunities) to more thoroughly integrate its activities within the Citywide system (currently Permits Plus). Doing so would capitalize upon a unique situation wherein the current economic climate (with a significant decrease in the number of active projects) is particularly well-suited for adoption of new technology should resources become available for such a project.

Customer Feedback & Process Enhancement

The Land Development Division does not employ any formal processes to obtain feedback from its customers. In years past, customers were provided with the option of submitting written feedback through a comment card; reporting receipt of 3-4 comments annually, the Division Manager indicates that the program was discontinued.

In its place, the Division Manager indicates use of his regular interaction with customers as the counter, where he asks customers to let him know of their satisfaction. He also indicates regular observation of employee interaction with customers over the telephone, and follow-up praise and/or coaching with regard to problem solving skills.

The Division Manager reports efforts to seek feedback at recent meetings between City representatives and Developers, and (with one exception) receiving only glowing responses.

The feedback mechanisms currently in use are largely ineffective, in that they do not provide significant, measurable or comprehensive information. Similarly, the absence of negative comments should not be seen as an indicator of success. The absence of formal feedback mechanisms deprives the Division Manager, Department Head and City executives of ample opportunities to address customer concerns at earlier stages.

By requiring customers to identify themselves, the Department is also likely missing out on feedback opportunities from developers who may fear reprisal from staff on subsequent projects. While such a concern on the part of some developers may be unreasonable, it must be thoroughly considered as the Division constructs a viable feedback program.

The Division does receive a small number of inquiries and comments via the City's Customer Relations Management (CRM) system, which are routed from the City Council office. While the approval routing of CRM responses does make the Department Head aware of inquiries, there was no indication of responses to such inquiries being used to meet the objectives of a formalized customer service feedback process.

Recommendation: The Land Development Division should immediately institute a formal program through which meaningful performance feedback can be obtained from its customers. This program should afford respondents the options to submit identifiable or anonymous responses, select written or online formats, and allow users to send feedback to the Division, Department and/or City Manager's Office.

Recommendation: The Division should provide the Public Works Director and City Manager's Office with regular summary reports on information received from a newly-instituted feedback system.

Recommendation: The Department should consider partnering with one or more experienced (perhaps retired) private sector developers who would be willing to serve as "mystery shoppers" who could engage the Land Development Division at various levels. As envisioned, such an approach would not be conducted in a negative manner, but would instead provide staff with input meaningful enough to help staff members experience what it's like to be on "the other side of the counter."

General Management Practices

Approximately 20 Administrative and functional policies were provided for this review. The majority included definitions and procedures which clarify the intent of the policies; most of these policies are recent (approved in 2007 or later).

There is no indication of Long Range organizational planning activities within the Land Development Division.

Accountability/Reporting

The Land Development Division takes highly detailed steps to document the *status* of cases/applications. While this highly effective record keeping allows effective tracking of cases through the entire Land Development process, the focus of these efforts is not on charting productivity or enhancing efficiency. The primary objective of this process is to keep a record of where each case/application is so that accurate status information can be shared in response to inquiries from City officials or developers. The type of information catalogued appears extremely effective in achieving that goal.

Based upon this process, the Division Manager identifies situations where turnaround time for subsequent inspections increases beyond what would be expected as a project moves toward completion. An informal approach to case status data allows for these discussions.

An important corollary benefit to the tracking system is that data can be used to assist property/project owners by providing them with information which may not always be accurately transmitted to them by their own contract teams.

A review of case logs shows frequent lags (of multiple days) between the time an action is taken by Planning staff and the time which the next phase of work is begun by Land Development Division staff. The physical proximity of these work centers would generally seem to limit such lags to weekend/holiday periods. The current situation also leaves room for speculation as to why lags of multiple days occur in some situations (e.g. inaccurate dates entered into the tracking system, delays in routing, delays in receipt by LD staff assigned to the particular task, delays in opening material after receipt). Refining the routing process would tighten accountability and enhance trust among interdepartmental staff.

The type of status information kept on hand within Land Development is effectively suited for rapid response to questions from the City Manager's office

regarding where a project lies within the review process. No examples were seen, however, of regular summary information which can allow the CM or ACM to quickly gauge productivity information.

Recommendation: An automated “Variance Report” (like those generated within the Land Development Division’s own financial section) would greatly assist all stakeholders in *quickly* identifying cases which warrant more detailed discussion due to extended timeframes.

Recommendation: The Land Development Division should take advantage of extensive systems currently in place (to track the status of cases/applications) to incorporate productivity statistics and standards. The Division staff’s extreme familiarity with status tracking processes would amply prepare them to record/monitor broader productivity measurements and implementation of Best Practices.

Recommendation: A single point of contact should be established in each of the two Departments to receive/log case files transmitted between the Land Development Division and Planning staff. Adding this step would enhance the accuracy of the case logging system and increase efficiency by removing time lapses which cannot currently be analyzed/remedied.

Recommendation: Land Development should consider creating a monthly summary report which summarizes workload and productivity data for review by the Assistant City Manager. Flagging variances (such as delays or repeated plan checks) would assist the Manager’s Office in quickly identifying potential problem areas, while also providing LD staff with meaningful monthly data against which they can chart their own results on a timely basis and spot trends over time.

Part II: Productivity/Performance Measures

Existing Measurements

Only 4 formal productivity measurements are tracked within the Land Development Division. These indicators are generally consistent with literature demonstrating the yardsticks by which Land Development functions commonly monitor their success.

1. Review of plans, maps, and lot line adjustments within the required timeline (14 calendar days). **Performance Goal: 95% Two-year average (March 2009 – Feb 2011): 98%**

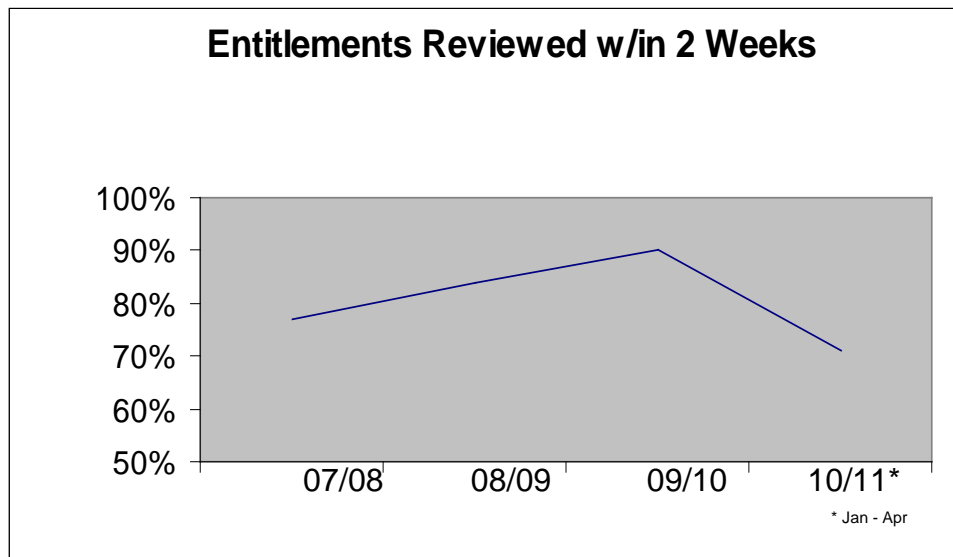
2. Provide comments by deadline provided on the Planning Case Transmittal. **Two-year average (March 2009 – Feb 2011): 98%**
3. Prepare Conditions of Approval within two weeks of receipt.
Two-year average (March 2009 – Feb 2011): 99%
4. Process permit applications within two working days of receipt.
Performance Goal: 95% Two-year average (March 2009 – Feb 2011): 99%

Productivity indicators, in the range of 98-99%, don't provide a comprehensive view of the Division's successes and challenges. Productivity measures used by the Division could also give the appearance of being selected specifically to convey only positive results. While these particular results are noteworthy, the Division's decision to exclude areas where results are not quite as timely (as in processing of Entitlement applications) could create a skewed self-image for Division staff which could logically cause them to be less receptive to negative assessments or perceptions by key stakeholders outside the Division or the Department. The potential for reduced sensitivity to negative external feedback could ultimately serve to deny the Division opportunities to achieve additional, meaningful customer service reforms.

The Plan Check process, a key Customer Service function, could be enhanced by introduction of qualitative analysis. A process through which accuracy of reviews is measured holds the potential to enhance productivity of LD staff, while creating time/cost savings for developers. While staffing constraints (and the fact that preliminary comments are not always retained) severely limit the Division's ability to undertake a retroactive analysis of this factor, it could be implemented prospectively as a means of measuring the efficacy of the plan check process.

Another helpful measure could be found in logging the number of interactions (meetings, telephone calls) associated with project reviews. While much of this data is captured in the project log, a statistical report would offer another means of gauging the efficiency of interaction between staff and customers. As with virtually any other type of measurement technique, counting "interactions" is not singularly effective in gauging effectiveness, particularly since extensive interaction could also be indicative of an ill-prepared developer.

A review of **Entitlement** applications processed since FY 2001/08 is based upon 1113 projects. While the overall rate of completion within two weeks averages 80%, the on-time rate increased until the current fiscal year, when an Associate Engineer (who previously assisted with these tasks) was assigned to other duties and the remaining Senior Engineer carried this workload along with additional responsibilities previously assigned to positions since vacated by the Division. Given the changing staffing and assignment dynamics within the Division, it is not possible to precisely isolate efficiency/productivity factors affecting the trend. Decisions to reduce staff members permanently assigned to support this activity are, however, consistent with a 71% drop in the number of Entitlement applications since FY 07/08.



Workload/Staffing Trends

As discussed above, productivity measurements are limited in this Division. Augmenting the several measures listed previously, the following data is presented to identify trends in workload, budget and staffing levels.

Land Development Division: Budget/Workload/Staffing Trends (Plan Check & Inspection)						
	<u>07-08</u>	<u>08-09</u>	<u>% Change</u>	<u>09-10</u>	<u>% Change</u>	<u>Change since 07-08</u>
Budget Actuals	\$3,837,808	\$2,305,367	-40%	\$1,817,390	-21%	-53%
Total Project Reviews	1230	744	-40%	454	-39%	-63%
Inspections	7398	5316	-28%	2346	-56%	-68%
DIF/TUMF Agreements	17	3	-82%	2	-33%	-88%
Public Improvement Agreements	28	27	-4%	4	-85%	-86%
Planning App Entitlement Reviews	525	309	-41%	154	-50%	-71%
Personnel	24.8	21.5	-13%	13.0	-40%	-47%

Consistent with economic trends, workload factors affecting the Land Development Division have decreased markedly over the past 3 years. In terms of sheer volume, this trend is most vividly portrayed in project reviews (down 63%), inspections (down 68%) and entitlement reviews (down 71%).

The Division's financing structure (General Fund and cost recovery) is consistent with industry standards which recognize that fee schedules do not capture all costs by virtue of their design as well as due to economic pressures. Allocation of City discretionary funding underwrites general LD functions such as counter service, fiscal activities, special studies, training programs/materials, etc. These activities, along with the need to retain a baseline level of staffing, largely account for the disparity between the declines in direct development-related workload and the reductions to overall budget and staffing. Should economic trends necessitate further reductions to the existing 9 FTEs (outside of the Stormwater program), the Division's ability to maintain current services would require rapid (fee-supported) augmentation via contract providers.

Land Development Division: Stormwater Program Budget/Workload/Staffing Trends						
	<u>07-08</u>	<u>08-09</u>	<u>% Change</u>	<u>09-10</u>	<u>% Change</u>	<u>Change since 07-08</u>
Budget Actuals	\$753,623	\$791,843	5%	\$836,256	6%	11%
Total Project Reviews	35	100	186%	53	-47%	51%
Business Compliance Inspections	265	434	64%	504	16%	90%
Total Inspections	1390	1124	-19%	837	-26%	-40%
Consultant Contracts (Project Review)	156	68	-56%	32	-53%	-79%
Personnel	3.25	4.0	23%	4.0	0%	23%

Funded predominantly through assessment revenues, the **Stormwater Program** is largely isolated from the economic factors which have affected the rest of the Land Development Division. Its functions are also quite distinct from those performed by the rest of the Division.

Over a multi-year period, the total number of project reviews by the Stormwater Program has also climbed, although the sharp drop between Fiscal Years 08-09 and 09-10 is logical. It's also important to note, however, that increases in reviews and inspections are not tied solely to economic conditions, as program/permit regulations drive program activities.

Although the total number of inspections has declined by 40% since FY 07-08, appropriations have not declined as the City must fund costs for its own review and permit fees imposed by other regulatory agencies.

Business Compliance inspections are up dramatically (90%) since FY 07-08. Upon request, the Riverside County Flood Control and Water Conservation District provided statistics from other jurisdictions which allows comparison of business inspections conducted in FY 07-08 compared with FY 09-10. Analysis of this data further underscores the complications caused by imprecise program requirements (discussed later in this section). The data shows the following trends:

Moreno Valley: 90% increase
 Corona: 21% increase

Hemet: 14% decrease
Lake Elsinore: 95% decrease

While some of the differences between statistics reported by Corona and Moreno Valley may be attributed to Corona's practice of annually inspecting more businesses than required, the vast discrepancies between Moreno Valley's 90% increase and Lake Elsinore's 95% decline are remarkable. While both of these jurisdictions (seemingly on opposite ends of the compliance spectrum) have apparently met program requirements - - as evidenced by the absence of violation notices -- it could be asserted that Moreno Valley's program could be decreased in terms of scope and resources.

The Stormwater Program bases its business compliance inspection activities on the City's Business License data base. As a result, businesses which have failed to register with the City of Moreno Valley could also be unintentionally excluded from NPDES compliance inspections. Although audits of business license programs can be costly, Stormwater Program funding could potentially be used to help offset audit costs due to the reliance upon accurate data for compliance purposes.

While staffing in the Stormwater Division grew to 4 FTEs over a multi-year period, the use of consultant support has decreased markedly. While this reduction is anticipated due to declining development, the Division's compliance responsibilities remain. With approximately 20% of the total FY 2010-11 Budget comprising General Funds for unrecoverable (and mandatory) costs associated with the City's own NPDES permit, the DRO process has not affected the unit. What could not be discerned from the level of review undertaken in this project, however, is the extent to which the City's program requirements could be reduced while still meeting regulatory requirements. With the prospect of heavy fines for non-compliance, program managers in local jurisdictions logically focus their efforts on applying all available financial resources toward meeting the program compliance requirements prescribed by the nebulous term known as MEP (Maximum Extent Practicable). As compliance is ultimately determined by regulators based on an aggregation of factors rather than meeting a well defined list of minimally acceptable procedures, program staff are faced with hitting what is often described as a "moving target" of compliance. As a result, local jurisdictions typically design Stormwater program activities to preclude costly sanctions which could be imposed for non-compliance. Because regulatory agencies have not specified precise minimum compliance standards, jurisdictions are often left to implement higher levels of program activities more likely to be deemed acceptable by regulators. Absent precisely defined minimum compliance standards, extremely compelling rationale for exhaustive program review, and the existence of significant stand-alone revenue sources, it is common for Stormwater programs to operate in the manner seen within the City's Land Development Division. Should the City face the prospect of significant fee adjustments or additional General Fund support, an in-depth

technical program review could be considered to accurately gauge the extent to which some program activities could be curtailed. Any such review, however, must consider that “minimal compliance” standards are not clearly defined.

The Division Manager indicated a sense of frustration over the Division’s reduced ability to complete some other tasks in a timely manner, particularly those which are not directly billable to developers. Specific examples which could be reviewed in terms of data were not available. One of the areas discussed by the Division Manager pertained to unavoidable delays in final Bond Releases (associated with the built-in lead time for submission of Agenda Items for the City Council). It was indicated that a proposal to authorize the PW Director to approve final bond release may be forthcoming to the Council. Based upon the increased speed with which partial security reductions can now be approved administratively, a similar process for final releases could offer similar positive benefits in terms of efficiency of the overall process and customer satisfaction, while preserving the Council’s policy authority to accept improvements into the City’s infrastructure system.

The Division Manager currently leads weekly meetings to review the list of active plan checks, to visually identify potential problems. Among the indicators used in this informal review are increased time periods for subsequent inspections (which could indicate potential process problems). While this valuable information merits ongoing review, simple steps could be used to enhance the efficiency and accuracy of the process through a variance reporting technique.

Recommendation: Additional performance measurement criteria should be established to track trends which provide a more complete picture of the successes *and* challenges facing the Land Development Division. These criteria must emphasize service delivery from the customers’ view (e.g. public, other City departments) to capture the outcome measures most relevant to the customer.

Recommendation: The Land Development Division Manager and Public Works Director should formulate alternate strategies to assign additional staff support based upon workload peaks within the Entitlement review process. Cross-training of engineering staff in one or more of the other Divisions within the Public Works Department could allow quick augmentation of staff resources in this area to reclaim on-time successes achieved in previous years. As an additional alternative, contract support could be considered as a means through which to address workload spikes, recognizing that the efficacy of this approach would also require consultant familiarity with unique City requirements and processes.

Recommendation: The Land Development Division should begin to (prospectively) measure accuracy/quality of plan checks. This could be

accomplished by evaluating the number of comments which appear on subsequent plan checks but do not appear on the first check, with organizational goal to preclude such situations. The measurement process must also take into account that initial reviews can sometimes be conducted before the developer's plans are complete.

Recommendation: The Land Development Division should log the number of interactions associated with project reviews, as another means of gauging efficiency and flagging projects which are requiring an inordinate amount of interaction. Adding this to a wider array of measurements could provide Division and Department managers with additional barometers which can increase ready access to empirical information to help identify trends and craft process refinements.

Recommendation: That the Land Development Division institute spreadsheet-based tracking techniques to create visual flags when specific indicators (such as increasing inspection period intervals) suggest the need for additional review of active cases. The Division successfully uses these techniques for its extensive financial monitoring procedures, and could achieve similar benefits by streamlining the process so that the Director can quickly discern potential problem areas. Subsequent refinements could add automated e-mail alerts to Division staff in advance of the weekly meeting to provide immediate response information to the Division Manager.

Recommendation: That the City explore the potential use of Stormwater program funding to support audits of the Business License program to help ensure accurate registration. As the Stormwater program relies upon the accuracy of this data base for business inspection purposes, a sufficient nexus may exist to apply non-General Fund revenues for this activity.

Organizational Restructuring Opportunity

To a greater extent than any other facet of the City's Public Works Department, the demands placed upon the Land Development Division are driven directly by private development throughout the City's 50+ square miles. Land Development's processes play an important role in achieving the City Council's objectives for spurring job creation throughout Moreno Valley. Because the Economic Development Department spearheads the City's overall efforts in this area, creating greater synergies (and a direct link) between EDD and Land Development would be part of the City's forward lean to jump start the regional economy. A comprehensive approach toward retaining, attracting, and assisting local businesses would be bolstered by a minor reorganization which could have major positive impacts for the private sector.

Recasting the Land Development function and staff as a Division of the Economic Development Department would provide comprehensive assistance to the private sector throughout key facets of the development process and appropriately reflect Moreno Valley's emergence as a regional economic powerhouse and the medical/technology/commercial hub of western Riverside County. Synching land development and economic development under the EDD umbrella holds enormous potential to rev up the City's land development processes through a shared focus on fueling the economic engine which will sustain Moreno Valley for decades to come. It would also promote establishment of Fast Track Land Development services (as recommended in this report) while maintaining strong linkages with the Capital Projects section to ensure that the City remains proactive in sustaining the robust infrastructure program required to support long-term economic growth.

A restructuring of the Land Development function must also take into account the City's NPDES compliance program. The Stormwater Program's current placement within the Land Development Department is neither required for the Program's success, nor a logical fit within the City's Economic Development Department's arena. Stormwater was formerly a part of the Special Districts function, which reflects the program's assessment-based funding structure and its genesis in the formation of County Service Area 152. The current tie to Land Development reflects the City's need to ensure that development meets NPDES permit requirements. But the Program's responsibility to continually monitor (and ensure mitigation measures for) urban runoff diverge from the Land Development Division's focus on new development. The staff's regular interaction with regulatory agencies and co-permittees also reflects the distinct nature of this special program. Placement of the Stormwater program in other jurisdictions runs the gamut; association with Public Works reflects an operational tie to municipal catch basin/storm drain systems, while some cities have even appended this function to the City Manager's Office.

Recommendation: Recast the Land Development function and staff as a Division of the Economic Development Department to capture synergy and provide comprehensive support to local businesses which hold the key to job creation in Moreno Valley and the region. The revised configuration will also ensure the degree of knowledge transfer vital to synchronizing these vital activities.

Recommendation: *If the City restructures the Economic Development Department to create a Land Development Division, the Stormwater Program should remain within the Public Works Department. Restoring the historical tie to the Special Districts Division would maintain the link with other Public Works responsibilities while reflecting the unique nature of NPDES compliance activities.*

Capital Projects Division

As a Key Division within the Public Works Department, Capital Projects implements the City's capital improvement program. The Division is responsible for engineering design and contract administration, Requests for Proposal (RFPs) and construction for City-funded capital projects which include constructing storm drains, widening roads, installing and upgrading traffic signals, improving roadway conditions, curb and gutter installations and replacements, upgrade of roadway medians, bikeways, bridges and facilities. The Division also provides Real Property services to all departments in the City. These services include acquisitions/negotiations, appraisal reviews, cost estimates, legal description review, title and escrow services and oversee and coordinate Right-of-Way consulting services.

The report on this Division is presented in two sections, the first which addresses organizational culture and practices and the second which pertains to Project Management. Observations/findings are presented in each sub-section, immediately followed by recommendations relevant to the topics addressed.

Part I: Organizational Culture & Practices

Staffing

Staffing levels within the Capital Projects Division reflect the organizational culture which assigns Professional Engineers as project managers. Assignments (based upon this premise) reflect the unique strengths/experiences of individual members of the team. Projects are also rated/scored via a methodology which assigns points based on complexity; this criterion is also considered when assigning projects among the Engineering staff.

Over time, the Division has used alternate strategies for managing projects. Projects have been assigned vertically (where a single project manager would oversee all phases of a project through completion) as well as in a split fashion (where projects would be rotated between different managers who would handle design or construction). The former emphasizes accountability, while the latter provides additional checks & balances among the major project phases. With the Division's focus on delivering finished projects within budget and time constraints, the vertical assignment approach is the preferred method. By focusing accountability on a single project manager, this approach also greatly

reduces the potential for confusion or questions regarding responsibility for all phases of project delivery. During the course of this study, the Public Works Director directed the Capital Projects Division to return to a vertical assignment process.

Management assistants, who support multiple project managers, provide the range of support required to process documents/invoices/notices/etc. associated with capital projects. Real property agent services, formerly provided by in-house staff, are provided via contract. Although a cost analysis was not performed as part of this study, the use of contract assistance should be reevaluated if the capital projects workload increases significantly.

At present, the Capital Projects Division assigns professional engineers to manage consultant activities for all project phases through delivery. While there are obvious advantages to involving skilled engineers in overseeing engineering work, this traditional method also assumes that engineers have the background best suited to oversee activities such as property acquisition, environmental, design and construction. This may not always be the case, however, since these activities cross a wide range of disciplines. Some agencies employ experienced Project Managers who, while not professional engineers, possess a broad range of expertise in shepherding capital projects to completion. Private sector construction management firms also assign generalists (non-engineers) to oversee a wide range of capital projects. Data pertaining to the Division's varying degrees of success in delivering projects within time and budget (primarily soft cost) parameters suggests that an opportunity may exist to try an alternate strategy to assign private sector project managers (to include non-engineers) to deliver entire City projects. This concept is presented with the recognition that it may not be readily embraced by the Division's cadre of experienced engineers, which would be understandable. But the timeliness trends revealed by multi-year project data suggest that the time is right to consider alternatives to current project delivery methods.

A controlled experiment through which project management consultants are assigned several projects may assist the City in evaluating this option. At present, consultant project managers are used only for a portion of particular projects (e.g. Design, Construction); the other portion of the project is managed by in-house staff. As discussed previously in this report, a vertical approach to assigning project management is essential to maintaining accountability for project delivery; it is equally suited for consultant project management and would enhance the results of this experiment. A meaningful review would, of course, require steps to ensure that neither overly simple nor overly complex projects are assigned to in-house or consultant project managers. Comparing results would help position the City to make long-term decisions regarding the extent to which project management should be performed by professional engineers or by a blend of engineers and project managers.

Recommendation: While the current method of considering the strengths and backgrounds of individual engineers (along with project complexity) makes efficient use of in-house talent, the Capital Projects Division should consider forming project teams which allow engineers to work on projects beyond their realm of expertise and under the guidance of a colleague with specific experience in that area. While cross-talk and site visits are helpful in broadening the staff's exposure to project types, a more formalized project team approach would...over time...strengthen the experience base throughout the Capital Projects Division.

Recommendation: The Public Works Department, in conjunction with the City Manager's Office, should undertake an experiment to determine whether capital projects should continue to be managed solely by professional engineers, or whether a blend of engineers and generalist project managers (non-engineers) might better meet the City's needs for delivery of a wide range of capital projects. Such an experiment should be carefully structured to ensure that assignment of projects among contract consultants and in-house engineers fully represents the range of projects/conditions generally managed by existing staff. This will help ensure that the results (budget/time/quality) can be fairly compared to determine the extent to which refining the Capital Projects Division's project management methods could prove beneficial to the City.

Intra-Departmental Synergy

Formerly within the same Division, Land Development and Capital Projects continue to coordinate closely, reflecting the natural tie between private development and the need for capital improvements within the City.

The Capital Projects Division coordinates the City's Capital Improvements Program with the City's electric utility CIP to maximize efficiency and minimize inconvenience to residents and businesses.

Regular interaction between Capital Projects and Maintenance & Operations allows timely identification of projects to provide long-term remedies for recurring maintenance problems (e.g. roadways, catch basins, etc.).

Recommendation: To the greatest extent feasible, the Capital Projects Division should schedule work on multiple projects within the same area in a manner which maximizes use of General Fund resources. Projects which rely upon local funding should proceed first, with restoration (e.g. roadway remediation) costs legitimately borne by projects supported with external funding.

Best Practices

The Capital Projects Division routinely relies on rules and procedures promulgated by the California Department of Transportation. The Caltrans *Local Assistance Procedures Manual* (LAPM) is provided “to aid California local agencies scope, organize, design, construct and maintain their public transportation facilities when they seek Federal Highway Administration (FHWA) funded federal-aid or state funding.” The publication describes “the processes, procedures, documents, authorizations, approvals and certifications which are required in order to receive federal-aid and/or state funds for many types of local transportation projects.” The volume exceeds 1000 pages, provides extensive guidance on project preparation/construction/inspection and is a logical source of reference material to local project engineers.

The Division also provides training to project engineers through attendance in Caltrans’ “Resident Engineer Academy.” This 3½ day program is conducted by State transportation officials in cooperation with UC Berkeley’s Institute of Transportation Studies. The curriculum includes: “Resident Engineer’s Roles and Responsibilities, Federal-aid Project Records & Accounting, Control of Materials, Quality Assurance Programs, Control/Scope of Work, Legal Relations and Responsibilities, Prosecution and Progress, Labor Compliance and Equal Opportunity, Disadvantaged Business Enterprises, Labor Compliance, Claims and Claims Avoidance and Tort Liability.” The Division Manager indicates that all of the City’s project engineers attend the program once every 3-4 years.

Given Caltrans’ role in setting industry/regulatory standards for projects in which it partners, the City staff’s reliance upon state training and publications is to be expected.

The Capital Projects Division uses monthly meetings to review individual project schedules, facilitate cross-talk to resolve common issues. The Deputy Director leads these meetings.

Project expenditure reports provide detailed, timely information regarding costs assessed to each project to-date, which includes encumbrances. While this requires that project staff enter transactions (prior to the Deputy Director approves payments against invoices), the practice effectively supplements information currently available via the City’s centralized financial system.

While not part of a formal Best Practices program, the Capital Projects Division Manager reports the benefits of interaction with counterparts via APWA meetings. Discussions at such forums have generated ideas (such as “cold in place recycling” and use of a laser-equipped Profilograph on paving projects) for incorporation in this City.

Although funding/staffing constraints preclude production of a local report of the same magnitude, the Public Works Department may find it instructive to review the “Performance Measures” report issued quarterly by Caltrans.

The following excerpt describes some of the key objectives behind its preparation: *“In addition to being an excellent tool for reporting Department’s performance, this report is also a resource to guide management in decision making. The information contained within this report is an indication of past management decisions. The overall goal of this report is to provide managers critical information on performance so that future decisions will improve Department’s performance.”*

An outgrowth of strategic planning and reporting to senior State officials, it charts progress against key indicators with dashboard and narrative information. A recent report can be found online at: http://www.dot.ca.gov/perf/docs/FY2010-11_Q2_Quarterly_Performance_Report.pdf. In quantifying performance standards, the indicators also point to Best Practices for efficiency, safety and responsiveness.

Recommendation: The Capital Projects Division should review the Caltrans “Performance Measures” reports and consider opportunities to introduce additional Best Practices which are consistent with the *Local Assistance Procedures Manual* already in use locally.

Recommendation: The Capital Projects Division should ensure that the City’s Administrative/Financial Services Division is provided complete information regarding processes currently used to track project expenditures; this step will help ensure exploration of this business need as the City implements financial system upgrades. As the City’s financial system evolves, the Capital Projects Division should continue to evaluate the need to continue duplicate entry of project expenditure data (in the Departmental and Citywide systems).

Contracts

The Capital Projects Division makes extensive use of contract services for various phases of each project.

The Capital Projects Division tracks spending on contract services through its project expenditure tracking process. These reports show spending to-date, as well as the contract expiration date. The latter information is used by the Deputy Director to ensure that contracts are renewed as required; the data is populated into Microsoft Outlook Calendars to provide automated reminders (30-days in advance) to the Division’s administrative support staff.

On-Call Consultants were selected via an RFQ process, conducted in 2008. Proposals were sought in the following disciplines: Architectural Services, Caltrans Local Assistance, Civil Engineering Design, Community Relations, Construction Management & Peer Review Plan Check, DBE Services, Environmental Services, Grant Preparation & Management, Landscape & Irrigation, Material Testing & Geotechnical, Pavement Management, Project Management, Right of Way, Surveying and Title Reports.

City staff members reviewed qualifications as submitted by interested firms. The review panels comprised employees from Public Works (Capital Projects, Land Development, and Special Districts) along with representatives from the Building & Safety, Planning and Parks Departments. Although many of these services are highly technical in nature, it is likely that employees from other key "customer" departments also possess sufficient background/experience to participate meaningfully in the review process.

At present, 77 firms (out of nearly 250 which initially expressed interest) are on this list of pre-qualified consultants.

Support activities for major capital projects (defined in CPD Policy 2008-01 as projects valued above \$250,000) are awarded through a formal RFP process specific to such projects.

As support is required for smaller, less-complex projects, specific proposals are requested from pre-qualified vendors. CPD Policy 2008-01 (On-Call Consultants Utilization Policy) guides staff on the manner in which to interact with pre-qualified consultants; steps correspond to cost thresholds for the specific project. For projects valued at \$50,000 or less, a "Fee Request Letter" is sent to consultants based on a numerically ordered list. (The order in which consultants are placed on this list is determined by the last time they performed work for the City, with the firm most recently awarded work moving back to the bottom of the list.) For these smaller projects, the procedure specifies that "if consultant has already contracted with the City, we will not solicit the same consultant in order to provide others on the list an opportunity to propose."

Policy 2008-01 provides weighted criteria for consultant selection/ranking for specific projects which includes Project Understanding (20%), executable Deliverable Plan (30%), Resource Allocation reflecting the project team (30%) and Deliverable Schedule (20%).

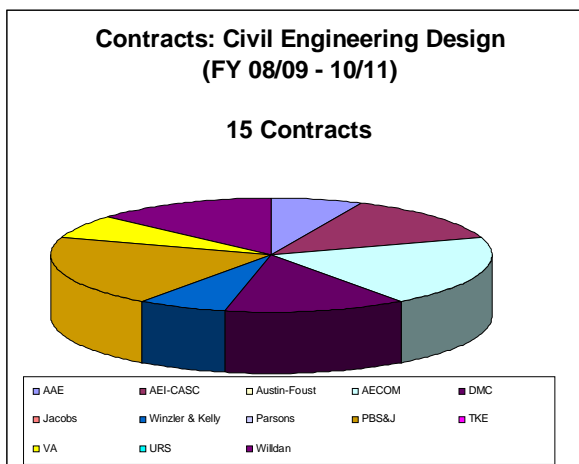
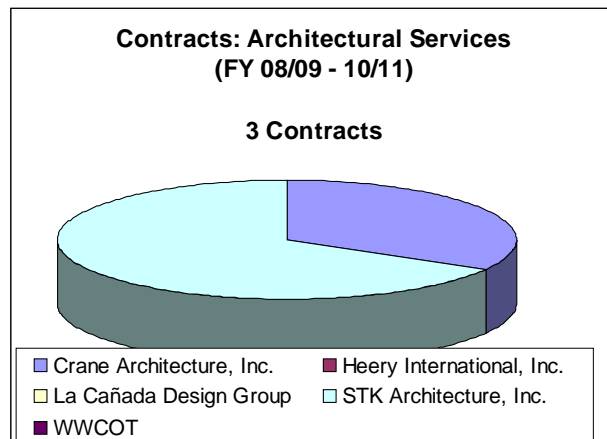
The Division Manager reports that shortly after initiating the process called for in CPD Policy 2008-01, staff found that the "numerical order of awarding contracts to the next in line" was not working. When firms that were next on the list were contacted, they were often not ready to take on a project at that particular time due to existing workloads. Another obstacle to accepting work was reportedly the firms' reduction in workforce due to lagging economic conditions (although it

would seem that a firm would be able to quickly ramp up with specialized staff to accept new jobs to bolster profits). As a result, procedures being followed to award smaller consultant contracts are inconsistent with the requirements set forth in CPD 2008-01.

The Division Manager also reports that the rotational process prescribed by CPD 2008-01 has become less relevant since most of the capital projects undertaken are of higher value, thereby requiring acceptance of proposals from all On-Call Consultants within the applicable discipline(s).

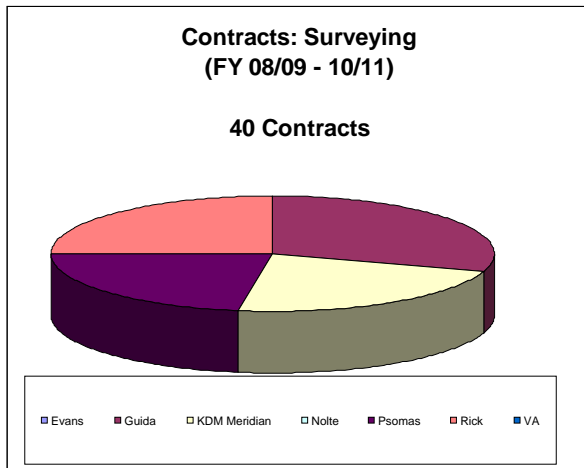
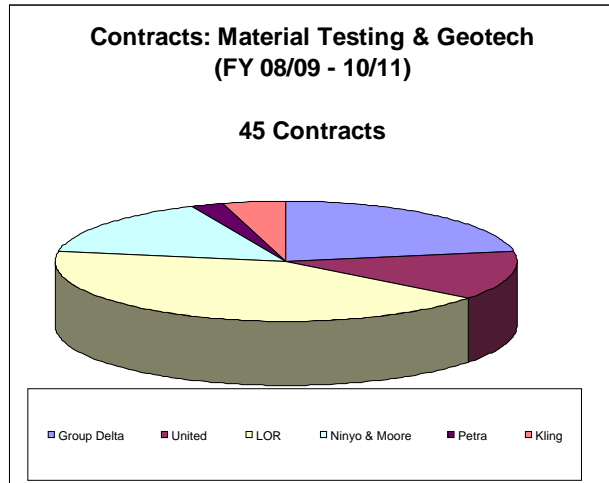
For purposes of this study, data was gathered regarding the frequency of contract awards to pre-qualified consultants. For purposes of this analysis, four disciplines were selected because of the type or volume of activity among the 15 disciplines covered by these contracts. Please note that the data below pertains only to use of services by firms via the On-Call Consultant Listing; it does not reflect use of services secured by separate, project-specific RFPs.

Of the 5 contracts with On-Call architects, only 2 were used over a three-year period. STK Architecture received 2 assignments, and Crane received one. The remaining three firms performed no work under this contract. Despite the low volume of work in this category, the spread of work among pre-qualified consultants is less than would have been anticipated.



A total of 15 contracts were issued for Civil Engineering Design services, with work conducted by 8 of the pre-qualified firms. Two vendors (AECOM - - formerly Boyle Engineering and PBS&J - - since merged with Atkins North America) each received slightly more work with 3 assignments each. As illustrated in this chart, the number of assignments made among the panel is relatively well distributed.

The category of Material Testing and Geotechnical Services was the most highly utilized (by volume) among all disciplines included in the On-Call Consultant list. While all six of the listed firms were used over the past three years, assignments were the least balanced of all categories, with one firm (LOR) receiving 42% of the workload. At the other end of the spectrum, Petra Geotechnical and Kling Consultants (formerly Zeiser Kling) received 2% and 4% of assignments respectively. As discussed elsewhere in this report, the City's attempts to distribute work among contractors were sometimes hindered by various firms' inability to take on new projects. Over-reliance upon one provider (as seen in this category) is not in the City's long-term interest. Steps to ensure that all pre-qualified firms are able to undertake assignments would assist the City by enhancing assignment options and managing costs.



Surveying, for which 40 contracts were issued via the On-Call Consultants list, was performed by four of the seven qualified firms. Work was spread between four of those firms (Guida Surveying, KDM Meridian, Psomas and Rick Engineering).

Recommendation: When the existing list of pre-qualified contractors expires, the Capital Projects Division should solicit participation by key “customer” departments (such as Economic Development) which have staff members who possess sufficient background/experience to participate meaningfully in the review process. While enriching the review process, involvement of key stakeholders would also enhance the collaborative partnerships essential to the Public Works Department’s overall success in collaborating with other City departments.

Recommendation: The Capital Projects Division should update CPD Policy 2008-01. As the rotational policy (intended to spread work more evenly among On-Call Consultants) became unworkable shortly after being initiated, the Capital Projects Division should, in concert with City Purchasing managers, create a new process which balances smaller assignments among pre-qualified firms and update CPD 2008-01 accordingly.

Recommendation: When issuing the next RFP for On-Call Consultants, the Capital Projects Division should require interested firms to demonstrate their ability to accept assignments from the City of Moreno Valley. Requiring documentation of the work volumes handled by each firm over the past 3-4 years would provide staff with a useful barometer of each firm's ability to handle varying workloads, and allow accurate evaluation of the firm's availability when considering placement on the On-Call Consultants List. By pre-qualifying firms which have the skills, experience and availability to take on assignments, the City can better ensure a broader distribution of work...which results in a broader experience base as well as competitive cost management.

Technology

The Capital Projects Division has not implemented any major technology projects in the recent past. Staff continues longstanding use of standard technologies such as Microsoft Project (for project management) and AutoCAD (for in-house design on small/simple projects).

The City's web page provides a wealth of information to local residents and businesses regarding City programs, services and issues. Near the bottom of the Capital Projects Division's page (http://www.moval.org/city_hall/departments/pub-works/capital-proj.shtml) sixteen photos can be found which feature before/after photos of several projects. At present, paving projects are featured, along with a few photos of sidewalk projects as well as Patriot Park. Providing photos of a greater number of significant projects is a great way to help communicate the City's ongoing commitment to quality of life improvements through capital investments. Enhancing display of and access to this information would build upon current processes to better update local residents.

Recommendation: The Capital Projects Division, in concert with the Information Technology staff, should expand the information currently available regarding major projects to increase the number of projects featured, broaden the types of projects featured and enhance the placement of this information via link from the City's Home Page (or, at a minimum, the Public Works Department's main page). A link from the City's main web page, such as the one which currently provides information on "New Development," would greatly speed residents' access to this important information which shows how their tax dollars are being directed to key projects.

Customer Feedback & Process Enhancement

The Capital Projects Division does not employ any processes to gather feedback regarding its delivery of finished products. The emphasis upon cost management has dissuaded staff from surveying customers. The Division Manager reports that it is common to receive positive verbal feedback from stakeholders once projects have been completed; these comments generally convey satisfaction over the finished product.

In advance of major projects, the Capital Projects Division may hold an Open House event (during the Environmental phase) to gather input on situations which can be mitigated in the project plan. While attendance has generally been characterized as minimal, and while the forums can provide helpful information to project planners, they do not assist with performance measurement or process improvement.

During construction phases, the Division generally uses the number of telephone calls received to gauge the effectiveness of steps to provide advance notice of impacts to residents/businesses as well as mitigation measures to provide access/egress to motorists. While a dramatic and/or prolonged spike in telephone calls would be reasonably interpreted as an indication of public irritation, the absence of such calls does not provide sufficient reassurance of public satisfaction.

While it is reasonable to expect generally positive feedback following completion of capital improvement projects, it must also be recognized that informally conveyed satisfaction (by residents, businesses and City officials) may reflect positive comparison of “before vs. after” conditions, as well as a sense of relief once construction activity ceases and public access/use is restored. These are certainly important sentiments, but they don’t offer meaningful feedback regarding other elements including project design, timelines and budget management. *Without comprehensive feedback, the Department misses opportunities to undertake continuous process improvement aimed at building upon strengths and overcoming weaknesses in project delivery methods.*

Recommendation: The Capital Projects Division should institute a brief, qualitative survey process through which its customers can provide meaningful feedback regarding the Division’s project delivery methods. The survey should be of sufficient scope to address all key phases of the project; the survey itself should be issued in more than one phase to obtain timely stakeholder feedback on elements to include pre-construction (e.g. public input and information dissemination), construction activities (to include steps taken to mitigate

inconvenience) as well as the finished product. While somewhat unconventional, a multi-stage evaluation will allow the City to gather meaningful feedback on a real-time basis, before general impressions of a finished product replace memories of resident/business experiences which could prove instructive to the Capital Projects staff. Undertaking a survey process also conveys the Division's commitment to better understanding and meeting the needs of project stakeholders.

General Management Practices

Adopted annually, the Capital Improvement Plan (CIP) guides the Capital Projects Division's efforts to fulfill the City's long-term planning objectives. By design, this document is ideally suited to direct resources toward achieving the City Council's priorities. By seeking approval of CIP amendments over the course of the year, the Public Works Department has the tools to ensure that staff activities correspond to Council direction. Aggregation of all project information also allows the City's executive managers and elected policymakers to set and monitor priority projects.

Historically, this document reflected a 10-year plan (shaped predominantly by funding availability), which logically would have constrained its strategic value to the City. In its current configuration, the CIP is more comprehensive (in scope and timing) and effectively categorizes projects with regard to the degree of funding currently available (and identifies funding sources, to include carryovers).

The Capital Improvement Plan budget is presented annually, in conjunction with the City Council's consideration of the annual operating budget. Somewhat distinct from the operating budget, however, the CIP budget is prepared by the Public Works Department based upon input from other City departments. The bifurcation of this process has evolved over many years, and is inconsistent with the City's centralized approach to fiscal planning. Re-establishing an interactive process through which Finance & Administrative Services collaborates with Public Works would better synchronize all aspects of the City's financial management activities.

A total of 5 Administrative and functional policies were provided for this review. They are currently in hard copy form, with plans underway to post them to the intranet for quick access by employees. Enacted between 2007-2010, they pertain to the following areas: Document Review Requirements, On-Call Consultants Utilization, Bid Opening & Analysis, Pavement Resurfacing Operations & Maintenance, and Archive Documents. The number and scope of Division administrative policies in place is less than expected; the majority of the documents spell out procedures rather than articulate policy provisions. While a lesser number of policies may reflect the extensive use of checklists within the

Division, they do not express organizational goals or assist decision makers in selecting among courses of action which best meet overarching organizational objectives.

A few comments regarding specific policies are offered for staff's consideration:

- Policies A-7 (Document Review), A-10 (Archive Documents), 2008-02 (Bid Opening) and 2008-03 (Pavement Resurfacing) do not articulate any policy rationale for procedures prescribed in each. As such the documents are procedural instructions. Most of the procedures are written in clear terms, with several instances (such as section B2 of Policy A-7) which may be confusing to staff.
- Policy 2008-02 (Bid Opening and Analysis), which pertains to an area where extreme vigilance is required to ensure compliance and legal sufficiency, includes no provision for coordination with the City Attorney in the event of other irregularities or situations where interpretative advice would be beneficial.

Recommendation: Development of the annual Capital Improvement Plan budget should be a more collaborative effort between the Public Works Department and the City's Finance & Administrative Services Department. A team approach can capture the synergy of project/fiscal expertise, provide additional analysis of capital projects funding, and ensure consistency with financial management policies established by the City Council.

Recommendation: The Capital Projects Division, with guidance from the Public Works Director, should undertake a systematic update of Administrative Policies. This effort (conducted over time) should focus on providing employees with documents which provide policy guidance to foster decision making which reflects organizational (City) objectives and values, rather than procedural checklists.

Accountability

The Capital Projects Division uses staff meetings to keep all members informed about current initiatives. Staff members also work together on consultant selection processes, visit each others' projects and cover one another's vacation absences. Administrative staff members are encouraged to visit major project sites, which enhances their understanding of their roles in the overall project delivery process.

Apparently absent from these discussions, however, is discussion of the Division's overall successes/challenges in delivering projects within fiscal and schedule contexts. While the Division Manager's observations (that project managers would find it inappropriate to comment on a colleague's success in

meeting objectives) are reasonable, this need not preclude meaningful discussion regarding the team's overall success.

Prior to this study being undertaken, the Capital Projects Division did not have or use data which illustrates the extent to which project managers deliver completed projects within budget and time parameters. Now that this information has been developed for projects completed over the past 3 years, the Division can maintain this information on a prospective basis...to measure Division and individual performance.

Recommendation: The Capital Projects Division should continue to track delivery of completed projects within budget and time parameters.

Recommendation: Capital Projects Division meetings should include sharing results of ongoing trend analysis of the team's successes in project delivery. This topic could be introduced through discussions of aggregate data and the trends revealed therein. Over time, addition of more specific project data would likely be welcomed and could facilitate even greater collaboration among team members focused on the Division's overall success in delivering top-quality projects, on-time and within budgets.

Recommendation: Performance evaluations of individual project managers should make specific reference to project delivery data (Budget/Time) as an element of each manager's overall performance.

Part II: Project Management

General Practices

Capital Projects staff participates in monthly and weekly meetings, led by the Deputy Director, to address project status. The monthly sessions deal primarily with project schedule issues, where participants discuss status, trends and share experiences. The Public Works Director indicates that he sometimes attends a small portion of these monthly sessions.

These 90-minute weekly meetings address more detailed aspects of projects, affording discussions of specific follow up actions which also indicate areas where the Deputy Director can play a role (such as in contact with counterparts at other agencies, such as EMWD). The meetings also allow tracking of forthcoming staff reports to appear on the City Council's agenda.

Weekly one-on-one meetings are also scheduled between the Public Works Director and the Deputy Director; these 20-minute sessions are designed to hit the highlights of Capital Projects Division issues. Formal sessions are augmented by real-time interaction between the Director and Deputy Director as needed.

The Capital Projects staff makes ample use of checklists to ensure that requisite steps are followed in various phases of managing capital projects. Because the checklists are primarily quantitative (to ensure that a step was completed) rather than qualitative, this process does not provide meaningful information with which to gauge factors such as completeness of the work performed. As such, the existing checklist process could not preclude the Division's recent experience with a roadway project (for example) in which the design engineer failed to provide for complete drainage. In this particular instance, it appears as though the error was also overlooked by numerous members of the project team, to include the firms hired for Constructability Review and Geotechnical Testing...as well as inspectors. This situation reveals the extent to which an over-reliance upon quantitative checklists does not preclude complications in project delivery. Since this particular situation, the Deputy Director has enhanced verbal coaching to project managers, emphasizing the need to "Trust but Verify" key work performed by contractors. Discussions at meetings have also touched upon the importance of assessing risks associated with various projects. No formal process changes, however, have been instituted at this point with regard to qualitative assessment.

Recommendation: While it may be unrealistic to expect the Public Works Director to attend each monthly project tracking meeting, he should take a more widely visible role in the process through which the Capital Projects team reviews project status. Although weekly 20-minute meetings with the Assistant Director, supplemented by as needed discussions, is helpful, it doesn't go far enough to convey (to the entire Capital Projects team) that the Department Director is thoroughly invested in their collective success.

Recommendation: Summary information from project tracking meetings would aid the Director in identifying potential problem areas in the earliest stages. The Deputy Director should assemble a very brief summary document which lists each project, along with its timeline, budget and ratio of hard/soft costs. Simple color coding on this summary document could be used to identify the status of each key component. Green, for example, could indicate that all aspects of the project are proceeding as planned, with yellow highlighting areas where variances are beginning to emerge or are anticipated. Red coding could show projects which projects are beyond budget, beyond time or where soft costs have exceeded acceptable ratios. This monthly report would flag areas for the Public Works Director and Assistant City Manager; access to more detailed documents or discussions with the Deputy Public Works Director could then be used to

provide valuable background and assist senior management in notifying Council members (as appropriate) and directing corrective actions.

Recommendation: The Capital Projects Division should amend its existing Checklist process to include qualitative review and risk assessments. Inclusion of specific analytical questions on that checklist can assist team members keep critical factors in mind as they simultaneously manage numerous projects in various phases of construction. Process amendments should include:

- Qualitative review to evaluate the effectiveness/thoroughness of key design/site preparation/construction steps as they are completed, rather than simply indicating that steps have been completed.
- Adding specific categories of risks to each project checklist would require Project Managers to identify specific risk factors applicable to the particular project. The Project Manager would then be required to assess the risk and document steps taken to ensure that appropriate steps have been taken in the design and construction phases to successfully mitigate the risks.

Performance Measurements

The Capital Projects Division manages and tracks its projects as distinct efforts; prior to this study, there existed no data regarding aggregate or long-term trends.

While weekly and monthly project management meetings foster cross-talk on common issues and lessons learned, there was no centralized means of tracking overall trends pertaining to timelines and costs for capital projects. While Division and Department management felt generally positive about project delivery results, there was no aggregate data with which to validate these impressions. To facilitate this study, Division Staff members were asked to compile statistics pertaining to all capital projects completed in the past three years. While this effort required extensive review of each individual project file, it was the only method of securing actual data from which trends could be identified.

The first step to compiling meaningful data was to distinguish between projects which delivered completed improvements, versus those which for which only design activities were undertaken. Of all projects undertaken by the Division since over the past three years, 71% (45 out of 63) resulted in delivery of completed improvements while 29% resulted in full or partial design.

It is not uncommon for a capital projects team to undertake design for projects which do not immediately proceed to construction. Some typical reasons for this situation include:

- Design (or at least preliminary design) is required to develop a cost estimate for a project which may ultimately be deemed cost prohibitive at the present time.
- Projects can be placed on hold to allow higher priority projects to move ahead.
- Projects can be placed on hold to allow phasing with other projects in the vicinity (which should be completed prior to construction of subsequent projects).
- Design is undertaken to support applications for grant funding (as seen in the federal government's recent emphasis upon directing stimulus funding to "shovel ready" projects.)
- A City Department (customer) may determine that a project is no longer needed or that a new location is required.
- Anticipated external funding becomes unavailable.

While there are clear benefits to ensuring that projects are poised for construction, it is important to ensure that excessive resources are not directed toward design efforts which do not result in construction. Ongoing coordination between City Department Heads (with direction from the City Manager's Office) will assist the Capital Projects Division in directing resources toward high priority projects while maintaining the Division's ability to remain sufficiently nimble to change direction as required.

To assemble trend data regarding the Capital Projects Division's delivery of public improvements, staff provided a list of all projects completed over the past three years along with essential data specifying estimated/actual costs, estimated/actual timelines and hard/soft cost details. The following information was analyzed:

- Comparison of projected cost (*as presented to the Council for initial project approval*) with actual cost.
- Comparison of the project schedule (*as forecasted when the project was presented to the Council for project approval*) with the actual time required to complete the project.
- The ratio of project support costs (soft costs) to construction costs (hard costs). For purposes of this analysis, Right-of-Way acquisition was not considered as such costs vary widely, and are beyond the control of project managers.
- The extent to which significant Scope Change occurred over the course of the project.

On an unweighted average basis, the following trends were identified:

- Projects were completed within 94.4% of estimated budget;
- Projects were completed in 142% of projected timelines;
- Soft Costs (without Right of Way) averaged 61.5%

Obtaining a more meaningful data set, however, required a project-by-project analysis to identify the number of times projects came in under or over budget/time, the extent to which soft costs were under/over a particular threshold, and how often project scopes changed in a significant manner. The results of that analysis, along with an explanation of the associated methodology (where applicable), are presented below.

Project Budgets

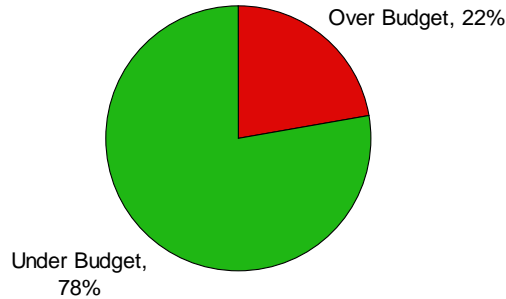
Completion of capital projects within estimated cost parameters is a critical measure of a public agency's effective stewardship of public resources.

Methodology: Information regarding budget performance of each project was reviewed in both "bottom line" and component fashions. The latter provided a more detailed view of the factors which affected budget performance. The following project elements affected fiscal performance:

- Design
- Project management
- Construction
- Scope Change
- Unforeseen conditions
- Timeframe of cost estimates
- Minimal variation between projected/final cost (10% was the benchmark used for this study)
- Instances where cost variations could not be discerned from available information

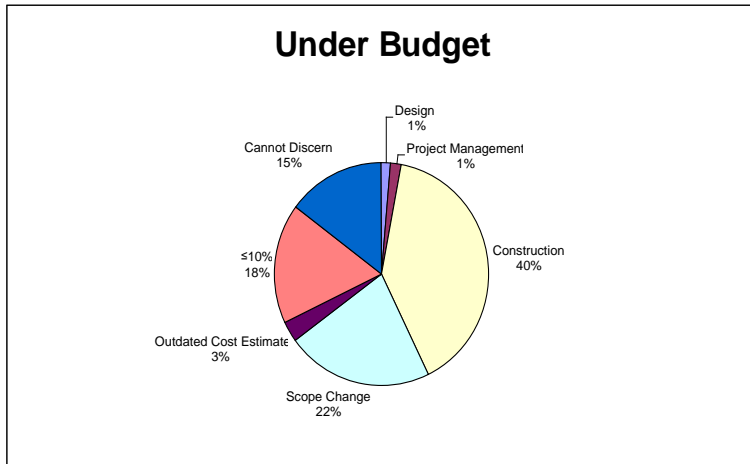
Determining how various project elements affected the ultimate cost required review/analysis of project spreadsheets developed by City staff. In situations where multiple factors affected project outcomes, this analysis apportioned each factor equally. While it may be asserted that a weighted analysis could enhance precision of a project-by-project analysis, emphasizing consistency of this approach yields a meaningful composite view.

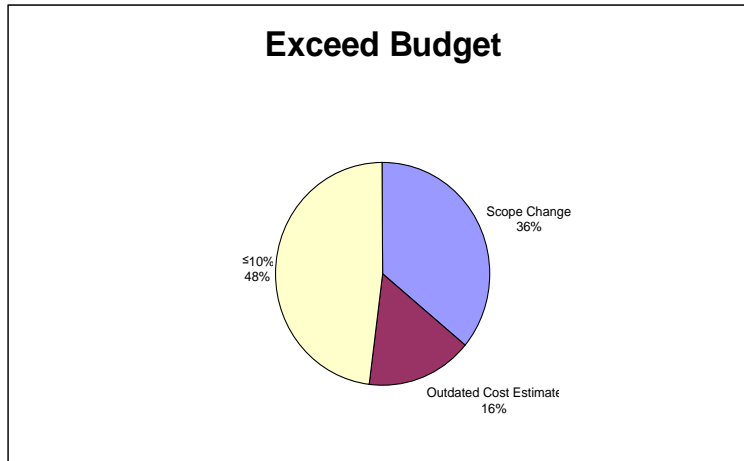
Percentage Under/Over Budget (Overall)



FINDINGS: The overwhelming majority of completed projects were delivered under budget, with only 22% exceeding the cost estimate provided to the City Council when projects were initially presented for approval. It is also noteworthy that some of these projects were based upon estimates developed far in advance (sometimes several years) of actual construction.

Where projects were delivered in the most cost-effective manner, savings in construction costs had the most significant influence. This factor also reflects the highly competitive bidding climate seen over the past several years. It also logically reflects the effectiveness of project managers' diligence in closely managing costs and keeping a watchful eye on change orders. Scope changes also affected financial outcomes, which could be where projects were reduced/phased so that only a portion of the initial project was constructed.





When completed projects exceeded initial cost estimates, the highest number of instances showed a cost variation or 10% or less. As seen in situations where costs came in below estimates, changes in scope also affected the extent to which projects exceeded initial cost estimates. Issues pertaining to

scope changes are discussed subsequently in this report.

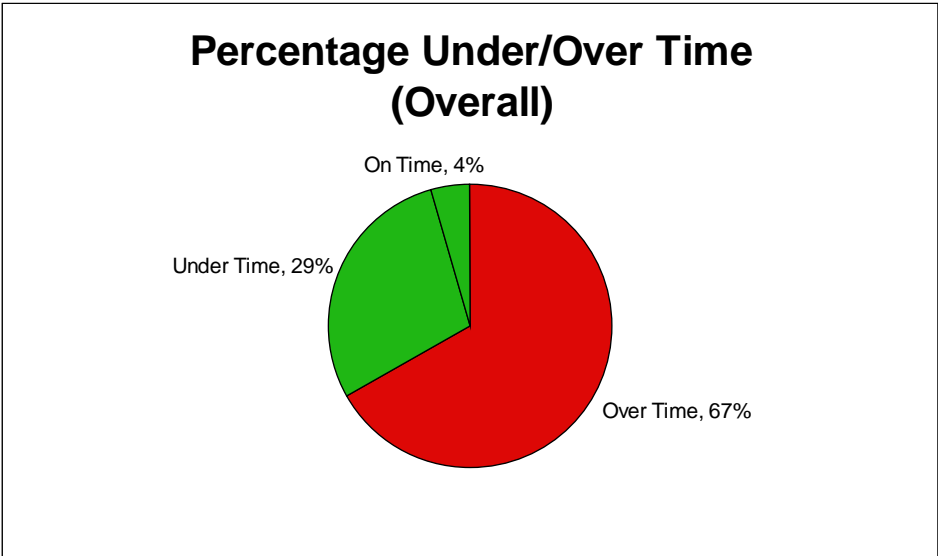
Project Timelines

As with delivering improvements within projected funding, completion of projects within schedule forecasts is another essential measure of success.

Methodology: Information regarding timeliness of each project was reviewed in both “bottom line” and component fashions. The latter provided a more detailed view of the factors which affected completion schedules. The following project elements affected performance:

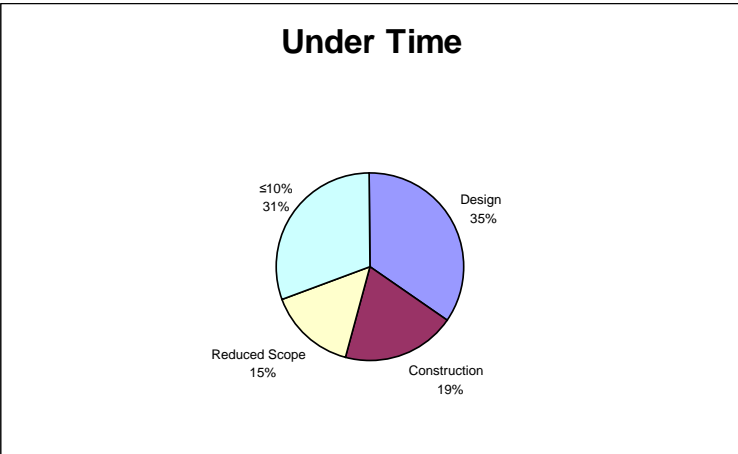
- Design
- Bidding delays
- Construction
- Environmental, Right of Way acquisition and Eminent Domain processes
- Utility work
- Scope change
- Staff support activities
- Weather
- Caltrans coordination and processes
- Minimal variation between projected/final schedule (10% was the benchmark used for this study)

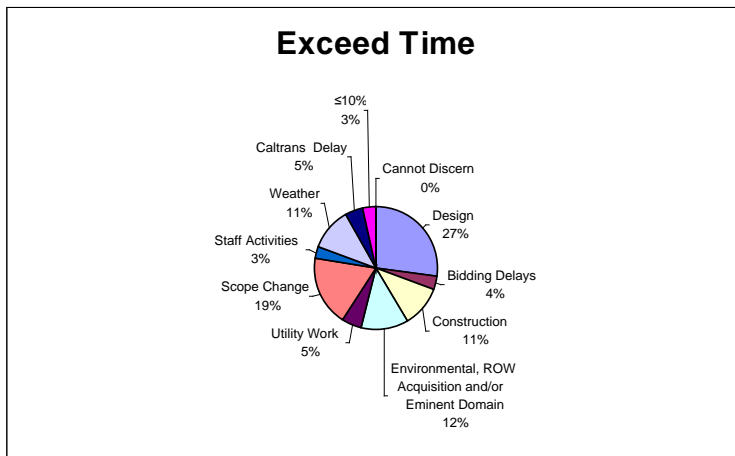
Determining how various project elements affected the ultimate schedule required review/analysis of project spreadsheets developed by City staff. In situations where multiple factors affected project outcomes, this analysis apportioned each factor equally. While it may be asserted that a weighted analysis could enhance precision of a project-by-project analysis, emphasizing consistency of this approach yields a meaningful composite view.



FINDINGS: The majority of projects were not completed within the time frame estimated at the time of approval. Thirty-three percent of projects were completed on-time or ahead of schedule.

Where projects were delivered in the most timely manner, the amount of time spent on design had the most significant influence. The second most prominent grouping indicated instances where time savings was 10% or less. Reduced construction periods also affected overall timeliness outcomes.





When project completion was found to exceed initial schedules, delays in the design phase were most often noted. Scope changes (which are addressed subsequently) were the second most influential factor, followed by time required for environmental processes, Right of Way and property acquisition.

Soft Costs

In the general vernacular of capital projects construction, the term “Soft Costs” refers to costs associated with a range of activities to include: design, construction management, survey, soils/geotechnical testing, inspection, project administration and environmental. Success in managing these costs, as a percentage of construction outlays, is another relevant measure of project management activities.

Methodology: Because projects differ in scope and complexity, *there is no simple or standard formula through which to measure all capital improvement initiatives.* Additionally, the extent to which project-related activities are charged to public infrastructure projects in some jurisdictions may differ due to policy direction regarding the level of cost recovery vs. agency participation to stimulate development. Ranges of these costs can be affected by factors such as:

- Simplicity/Complexity of design, particularly in relation to the cost of actual construction
- Project scope (larger projects typically involve a lower percentage of soft costs, while support costs for smaller projects may sometimes represent a higher percentage of construction costs).
- Participation by federal and/or state agencies
- Environmental issues
- Required qualifications of project staff (e.g. inspectors vs. licensed engineers)

Recognizing those factors, several general parameters represent reasonable cost ranges for key activities. Design can typically be completed within 6-15% of construction costs. Similarly, construction management costs often range between 5-15% of construction costs.

As indicated above, Right-of-Way acquisition costs can vary widely among projects; project managers are largely unable to control these costs beyond any design options which may be available. Consequently, Right-of-Way acquisition costs have *not* been included as “soft costs” for purposes of this study.

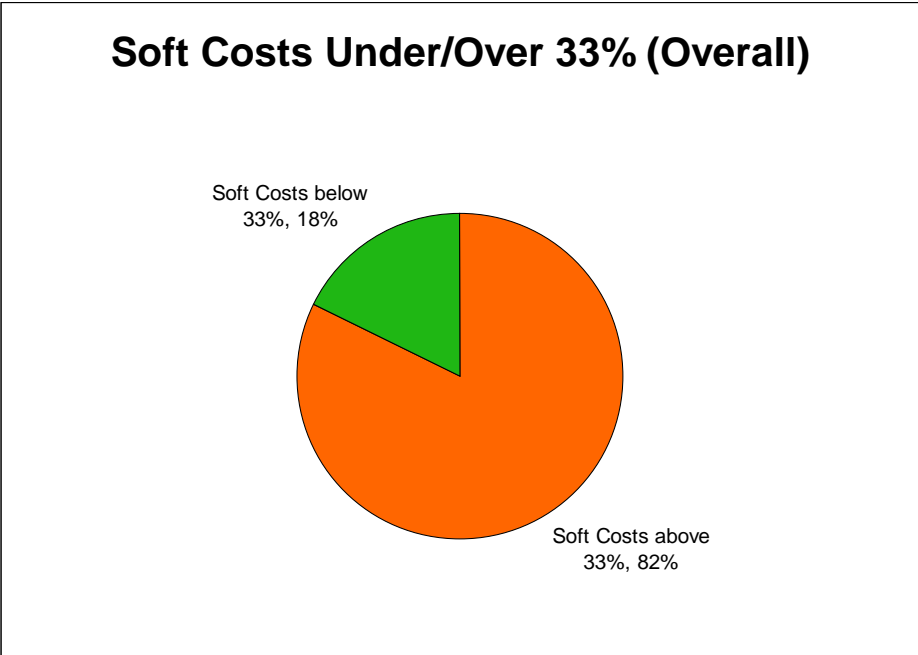
The California Department of Transportation publishes quarterly reports titled “Caltrans Performance Measures.” A review of the December 2010 report reflects the Department’s goal of keeping support costs at 32% or less of construction costs. Direct communication with Caltrans officials, as part of this study, confirmed that acquisition costs are *not* counted as support costs.

Because of the project-specific variables inherent in establishing soft costs for public projects, it is not entirely realistic to prescribe a threshold under which costs should always be maintained. Nor would it be appropriate to abandon efforts to gauge and enhance the City’s effectiveness in containing these costs.

For purposes of this study, a threshold for soft/hard cost ratios has been set at 33%. What this indicates is that situations where soft costs exceed 33% merit careful examination by the Public Works Director to ensure that costs are fully justified on a specific project or to indicate where management reforms must be immediately implemented to limit costs.

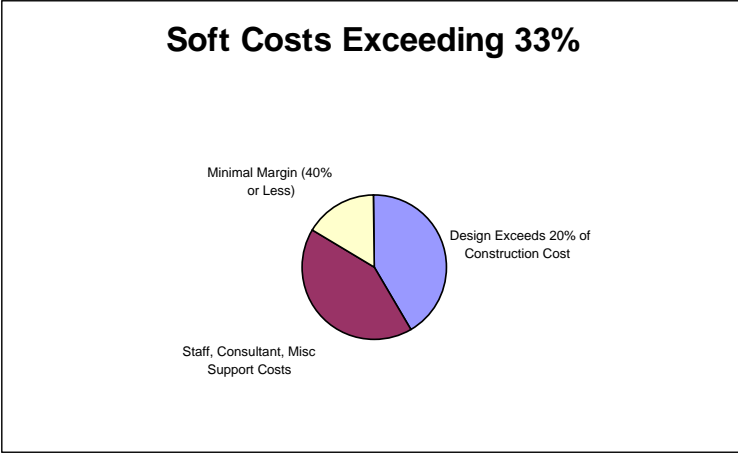
Information regarding soft costs incurred in each completed project was reviewed in both “bottom line” and component fashions. The latter provided a more detailed view of the factors which affected cost ratios:

- Design costs exceeded 20% of construction costs
- Higher ratios of staff/consultant/miscellaneous support costs
- Minimal variation above the 33% threshold



FINDINGS: Soft costs exceeded 33% for the overwhelming majority (82%) of completed projects. Despite the absence of specific standardized measurements of hard/soft cost ratios, the prevalence of Moreno Valley’s projects with support costs exceeding one-third of construction costs is noteworthy.

A closer review of this situation reveals higher-than-average costs for design and staff/consultant support in over 83% of the instances where soft costs exceed the threshold established for this study.



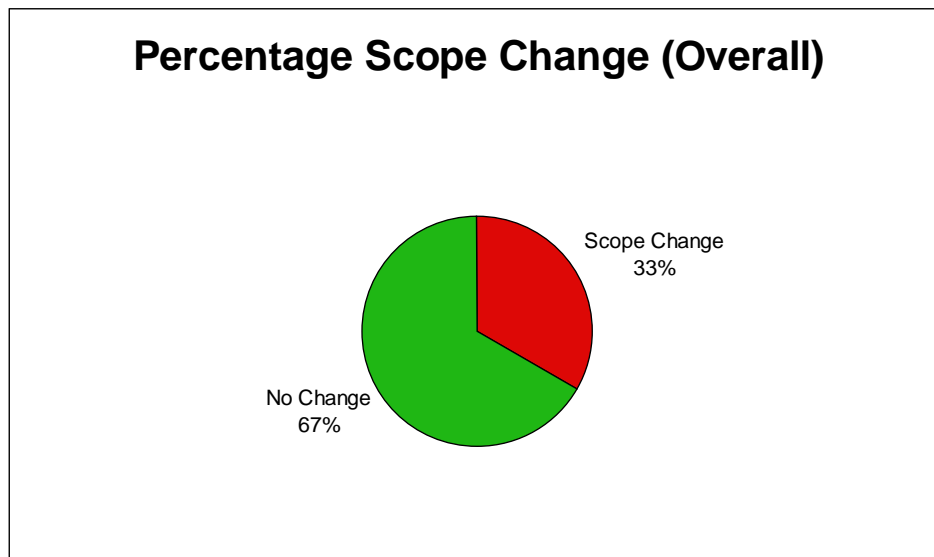
Scope Changes

Major capital improvement projects, particularly those which are planned/constructed over multi-year periods, can see significant changes from inception to completion. These revisions can reduce/increase

project costs, shorten/lengthen schedules, simplify/complicate project management or have minimal effect upon performance indicators.

Scope changes, often beyond the control of project managers, are commonly made to:

- Reflect priorities of elected policymakers
- Capture efficiencies and economies of scale
- Correspond with funding availability
- Adapt to unforeseen conditions
- Meet customer requests



FINDINGS: The majority of projects completed over the past three years saw no significant changes in scope. While previous sections of this report reflect the extent to which project amendments have affected budget/time performance, it is also noteworthy that the City is largely successful in limiting significant changes to the scope of capital projects.

Ongoing Projects

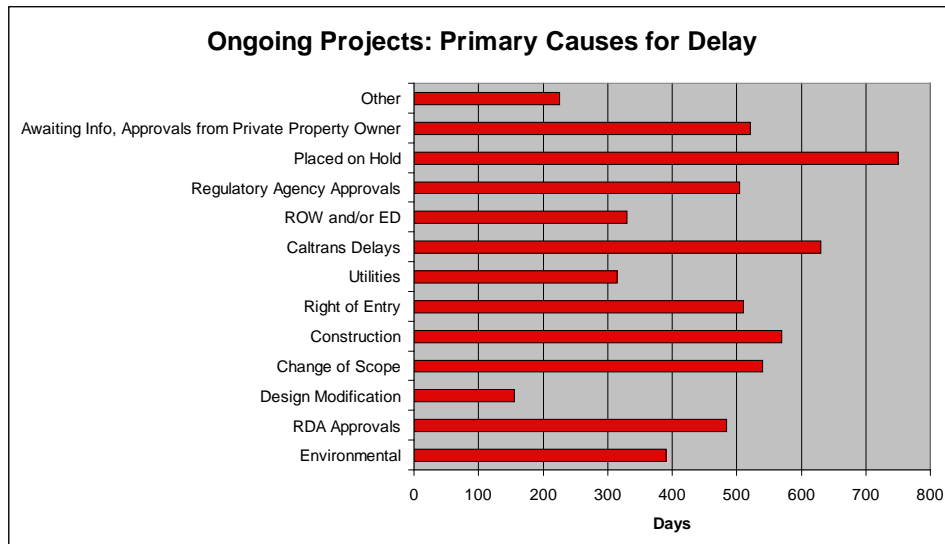
In addition to analyzing data regarding completed projects, this report also encompassed a review of pending projects which are currently behind schedule.

Methodology: Capital Projects Division staff members have identified 11 such projects, and provided information regarding delays to various phases of those

projects. A review of these narrative reports revealed a series of causative factors:

- Environmental processes
- Design modification
- Scope change
- Construction (to include weather delays)
- RDA coordination/approval
- Right of Entry
- Caltrans processes
- Right-of-Way/Eminent Domain
- Regulatory agency approvals
- Projects placed on hold
- Approvals/modifications from private property owners
- Other

Determining how various project elements are delaying the projects identified required review/analysis of project narratives developed by City staff. In situations where multiple factors affected project outcomes, this analysis apportioned each factor equally. While it may be asserted that a weighted analysis could enhance precision of a project-by-project analysis, emphasizing consistency of this approach yields a meaningful composite view.



FINDINGS: The average delay for these projects is 514 days, with the longest delay at 861 days. Rationale for these schedule deviations runs the gamut, with the following causing the highest number of days in delay: Projects placed on hold (at one or more points), and delays associated with Caltrans coordination/approval.

Conflicting perspectives (between Capital Projects Division staff and the Economic Development Department) regarding project delays became evident during the conduct of this study. Absent a forensic review and reconstruction of all project documents and correspondence, it is not possible to definitively determine the accuracy of varying perspectives. This noteworthy controversy does, however, suggest the strong need to ensure clear and accessible documentation regarding major issues of coordination between the Departments.

In advance of this study, the Economic Development Department prepared a list showing the status of six delayed capital improvement projects in which the Department is a stakeholder. In assembling a list of all delayed projects, the Capital Projects Division generally concurred with the lengths of delay reported by EDD (no shorter delays were reported by Capital Projects) and expanded the list to show 11 projects. What is noteworthy, however, is that the status of delayed projects had not previously been assembled in a consolidated fashion for reporting to the City Manager/Assistant City Manager.

Recommendation: As timeliness of the Design phase of each project has had the most significant effect on projects which were completed ahead or behind schedule, Division management must focus significant attention on this aspect of project delivery:

- Adherence to schedule should be charted/reviewed in detail at each project management meeting.
- Adherence to schedule should be emphasized in training provided to project managers.
- Specific adherence to schedule (as well as budget) should be considered when evaluating performance of individual project managers.
- Overall adherence to schedule (as well as budget) should be considered when evaluating performance of Public Works managers.

Recommendation: As timeliness of the Design phase of each project has had the most significant effect on projects which were completed ahead of schedule, as well as behind schedule, the Capital Projects Division should consider inserting performance clauses in all Design contracts, to serve as a disincentive for untimely completion by design contractors.

Recommendation: With solid historical information now available regarding delivery of capital projects over the past three years, the Capital Projects Division should continue to update this centralized data as each new project is undertaken. Capturing project data is significantly easier on a real-time basis, and will allow the Department and the City Manager's Office to continually track overall trends pertaining to capital project costs and schedules.

Recommendation: Brief, clear and accessible documentation should be created regarding major issues of coordination between the Departments of

Public Works and Economic Development. Meeting minutes, much like those typically prepared during meetings of construction teams, may add clarity to the exchanges between departmental staff and agreement upon direction and associated impacts upon capital improvement projects.

Communication/Reporting

At present, narratives are routinely submitted to highlight milestone progress of major capital projects for the City Manager's regular reports to the Council. Staff indicates that these progress reports are characteristically positive in nature, and are intended for public dissemination to keep residents apprised of major initiatives. Similarly, the Capital Projects Division provides localized, brief updates to City Council members in advance of community meetings.

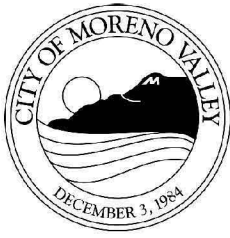
Project Status Reports show progress and projections relating to key milestones (e.g. hearings, environmental, contract awards, design, construction, occupancy). While these reports may provide meaningful snapshots, they do not clearly articulate issues affecting project completion. Absent such information, City management's tracking of project status would rely upon specific inquiries...or time consuming, comparative analysis of successive reports. Current report processes do not quickly "flag" projects/issues to alert executives to emerging situations; absent this type of proactive process, managers and elected officials may instead learn about specific situations from sources outside the City.

On an informal basis, issues are raised to the attention of the Public Works Director who shares information to apprise executives/electeds or to assist them in responding to external inquiries.

Current narrative reports drafted for submission to the City Manager focus exclusively on the public benefit of projects and positive progress being made; alerts are not provided regarding project delays. Without such information, and subsequent updates, the City's executive team does not have ready access to status information of interest to the City Council. Further, the lack of this information holds the potential to erode the reputation of the Public Works staff as the absence of factual data may leave only questions and perceptions regarding the Capital Projects Division's effectiveness. This situation would be a great disservice to the City as well as the professionals associated with the Capital Projects Division. The good news is that regular reporting can ameliorate this situation.

Recommendation: The Public Works Department should create a simple, high-level report to regularly apprise the City Manager/Assistant City Manager regarding the status of key capital projects. Techniques as simple as color coding would alert Public Works and City executives to issues affecting delivery

of specific projects. This “early warning” system would ensure that information shared during Capital Projects Division meetings is summarized and shared in a meaningful form with decision makers. This brief status report should be formatted to capture key progress indicators (such as time and budget), and alert City executives to significant issues affecting project delivery. This report should also serve as the basis for subsequent (more detailed) information flow regarding significant issues/obstacles and the steps being undertaken to meet such challenges.



APPROVALS	
BUDGET OFFICER	<i>[Signature]</i>
CITY ATTORNEY	<i>[Signature]</i>
CITY MANAGER	<i>[Signature]</i>

Report to City Council

TO: Mayor and City Council

FROM: Richard Teichert, Financial & Administrative Services Director

AGENDA DATE: August 16, 2011

TITLE: Proposed Business License Tax Amnesty Program

RECOMMENDED ACTION

Staff recommends that the City Council review and provide input regarding the implementation of a one-time Business License Tax Amnesty Program.

BACKGROUND

Chapter 5.02 of the Municipal Code establishes the Business License Tax Law. The Business Tax Law prescribes a tax on all businesses located in or doing business within Moreno Valley and was enacted solely as a local revenue source, not as a regulatory device. The tax is applied to the gross receipts or revenues earned by local businesses except in cases where revenues cannot be directly attributed to a local facility such as a warehouse or distribution center, in which case a "cost of doing business" basis is used to determine the tax. The revenues related to the operation of the Business License program include the Application Processing Fee, the Vehicle Tag Fee, the Gross Receipt Tax and the Interest and Penalty charges related to the late payment of the tax. The Municipal Code makes an allowance for small businesses in that for any business that has a tax due of less than \$100 that business is exempted from the tax for that year but must still pay for the Application Processing Fee and any Vehicle Tags. Non-profit organizations are exempt from both the processing fees and the tax. For the fiscal year ended June 30, 2011, 5,530 businesses have complied with the ordinance resulting in general fund revenue of \$1,445,000. The management of the Business License program is administered by the Treasury Operations Division of the Financial & Administrative Services Department and the inspection and enforcement functions are administered by the Code & Neighborhood Services Division of the Community & Economic Development Department.

DISCUSSION

At the beginning of the year the Moreno Valley Chamber of Commerce approached City staff regarding an amnesty program. Representatives of the Chamber had been approached by businesses that had been operating for a while and had not been paying the Business License Tax but were now interested in how they could get into compliance. They were concerned though about the accumulated unpaid tax and the step-up in fees that occurs when the interest and penalties are applied. At that time the City of Riverside had just begun advertising a similar program for businesses within their jurisdiction. Due to the pending start of the annual renewal cycle for Moreno Valley businesses it was determined to wait until after the renewal process had been completed and have the expiration of any amnesty period coincide with beginning of the next annual renewal cycle which will begin January 1, 2012.

There are both benefits and drawbacks to implementing an amnesty program like this. The benefits include:

1. Increased compliance rates.
2. Increased tax base (overall revenue impact will depend on number of new businesses and the types of businesses that register as a result of the program).
3. Provide businesses an opportunity and incentive to become compliant with the Business License Tax.

The drawbacks would include:

1. Perception that businesses that had not been compliant gained benefit by their non-compliance.
2. Future businesses don't comply with the expectation of future amnesty programs.

ALTERNATIVES

1. Take no action and continue to apply full interest and penalties as non-compliant businesses are identified.
2. Authorize a short-term, one-time amnesty period which would expire December 31, 2011 which would call for the payment of unpaid taxes from the date of the beginning of the business but would allow for the forgiveness of the associated interest and penalties.
3. Provide staff with other direction.

FISCAL IMPACT

Depending on the alternative preferred by Council, Business License Tax revenues should increase but the amount of the increase is unknown due to factors such as the size and makeup of the population that participates in the amnesty program.

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 services, regardless of economic climate.

SUMMARY

The City of Moreno Valley Municipal Code Chapter 5.02 establishes the Business License Tax. The Business License Tax is applicable to all businesses that are located in or operate within the City of Moreno Valley. As of June 30, 2011, 5,530 businesses have been issued business license tax receipts and are in compliance with the ordinance which accounts for revenues totaling \$1,445,000 in the General Fund. To improve the compliance rate, staff, with the participation of the Moreno Valley Chamber of Commerce, is suggesting the implementation of a one-time, short-term Business License Tax Amnesty Program. The City of Riverside implemented a similar program last year where they experienced a favorable response and increased compliance rates with their business license program.

Prepared By:
 Brooke McKinney
 Treasury Operations Division Manager

Department Head Approval:
 Richard Teichert
 Financial & Administrative Services Director

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

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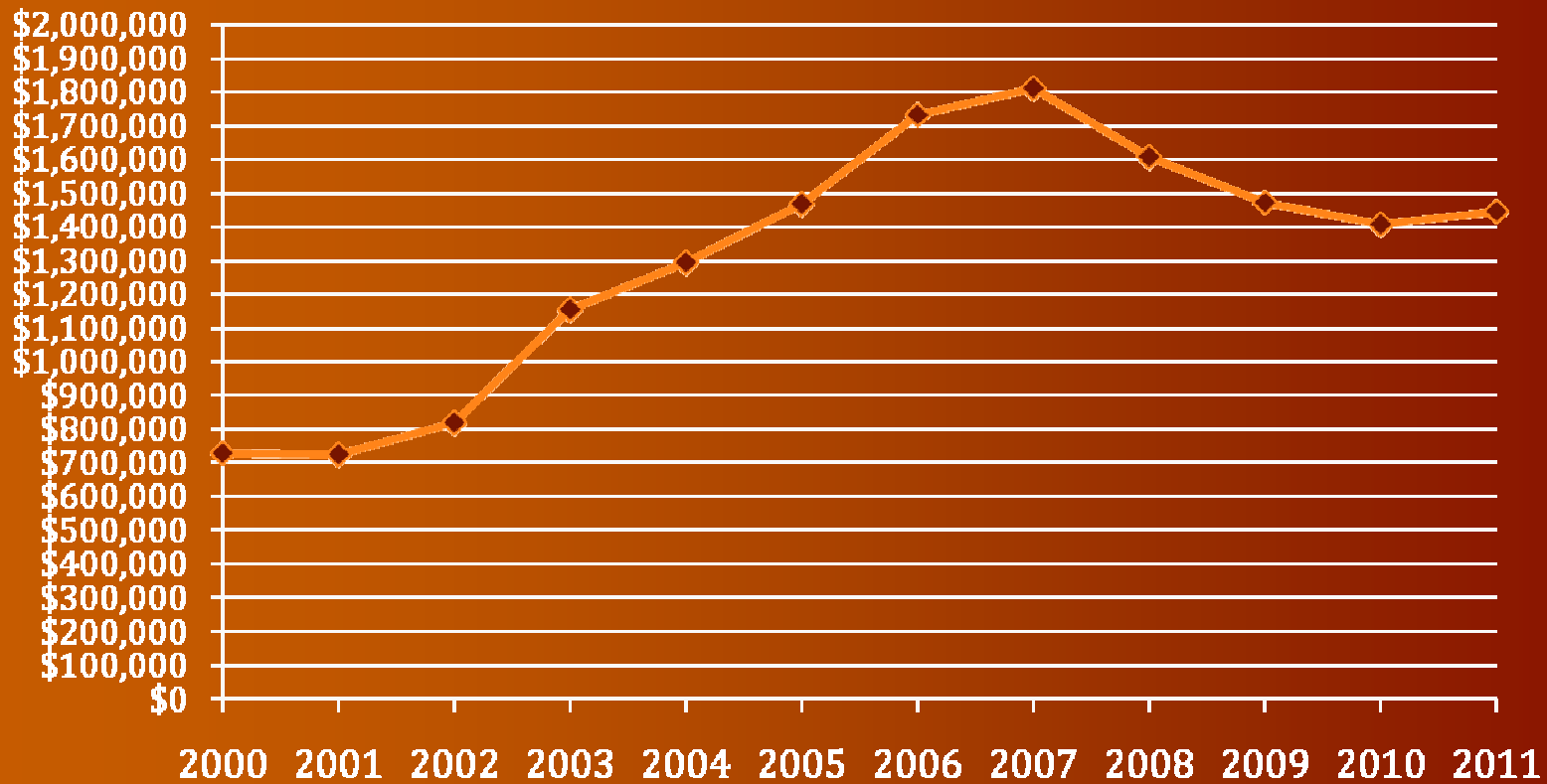
Business License Amnesty Program



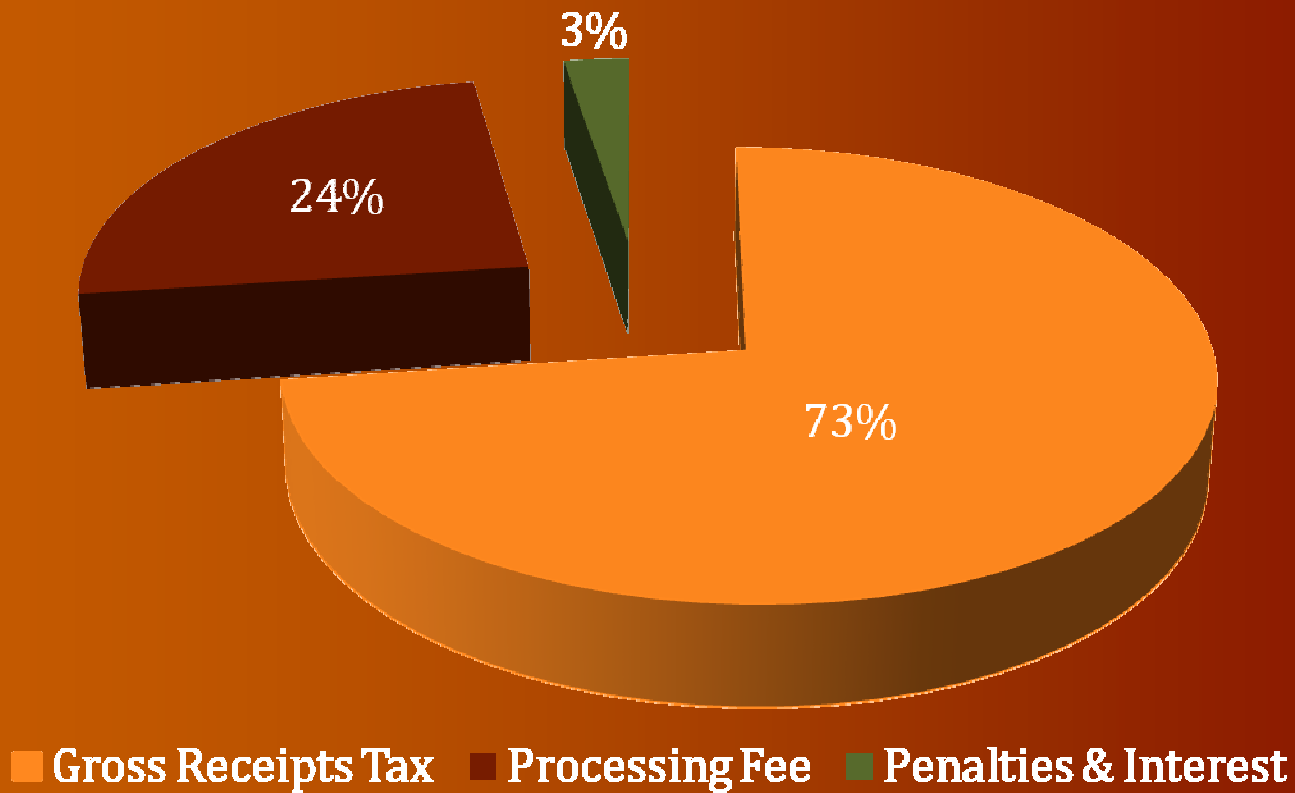
Current Activity

- 5,530 businesses currently have been issued business license tax receipts
- The Business License Tax, Application Fee and Late/Penalty fees generated \$1,455,000 in FY 2010-11

Business License Revenue Trend



Business License Revenue by Source



Background

- The Business Tax applies to all business located in or doing business within Moreno Valley
- The tax was developed for revenue generation not regulation
- The Tax Year runs from January 1st to December 31st
- Businesses have until January 31st to pay tax without penalty

Exceptions

- Businesses where the total computed tax is less than \$100
- Businesses that qualify as charitable organizations under IRS rules

Penalty Structure

	<u>Penalty</u>	<u>Interest</u>
● 1 month	10%	1%
● 2 months	25%	2%
● 3 months	50%	3%
● 4 months	100%	4%
● Interest increases at 1% per month late. 12 months would be 12%		

Goals

- To achieve a higher compliance level
- To even the playing field for businesses within the City
- To improve the tax base

Current Program

- Currently when a non-compliant business is identified they are charged the applicable tax for the most current year and three additional back years along with the applicable penalties and interest.

Amnesty Program

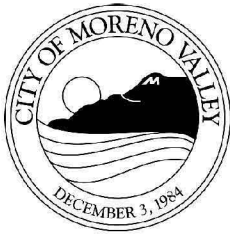
- Amnesty would forgive the interest and penalties related to businesses that had been out of compliance
- Business Tax would be collected for the most current year and three additional back years
- Amnesty period would be short, expiring January 31, 2012
- Amnesty would be a one-time offer

Other Local Agencies

- Other neighboring cities have offered similar programs with the goal of improving compliance levels and have been successful in achieving improvement
- The Moreno Valley Chamber of Commerce has supported this idea and actually approached staff to introduce the potential of the program

Recommendations

- Authorize a Business License Amnesty Program
- Offer amnesty through January 31, 2012 which would coincide with the annual renewal process
- Continue to collect Business Tax for the most current year and three additional back years
- Forgive Interest & Penalty fees related to the four years of Business Tax for the businesses that come into compliance



APPROVALS	
BUDGET OFFICER	<i>[Signature]</i>
CITY ATTORNEY	<i>[Signature]</i>
CITY MANAGER	<i>[Signature]</i>

Report to City Council

TO: Mayor and City Council

FROM: Robert L. Hansen, City Attorney

AGENDA DATE: August 16, 2011

TITLE: Request for City Council Direction in Proceeding with an Election on the Question of Directly Elected Mayor

RECOMMENDED ACTION

Staff recommends that the City Council review and consider the following summary of laws and timeline regarding the calling for an election on the question of directly elected mayor and give direction to staff on how to proceed on this matter.

ADVISORY BOARD/COMMISSION RECOMMENDATION

N/A

BACKGROUND

The City Council previously called for advisory ballot measures on two questions at the November 2, 2010, general municipal election. The first advisory ballot measure asked "Do you support changing to an elected Mayor rather than one appointed by the City Council?" The second advisory ballot measure asked "Whether or not you support changing to an elected Mayor, should the City Council call a binding election for voters to decide the issue?" Both measures received a majority "yes" vote.

DISCUSSION

The office of Elective Mayor must be established by a vote of the electors [§§34900 – 34901; §§34871 – 34872]. At a general or special municipal election held for that purpose, the City Council may present the question to the electors of whether electors shall thereafter elect a Mayor and four, six, or eight Council Members, and whether the Mayor shall serve a two or four year term. In order to establish the office of Elective

Mayor, the City Council can call an election on this question. The City Council can decide to follow one of two paths to accomplish this.

The first path is that the City Council can direct staff to prepare another round of advisory ballot measure asking the voters how many districts the City should have, whether Council Members should be elected by or from districts, and whether the City should have a directly elected Mayor. If this method is preferred, then the City Council can authorize the preparation and submission of advisory ballot measures for the next general municipal election, or can call a special election for that purpose. If this path is chosen, it will delay the establishment and election of a Mayor by one general election.

Advisory ballot measures would read substantially as follows:

- “Should the City have a directly elected mayor? Yes or No”
- “If the City has a directly elected Mayor, should the City have four council districts? Yes or No”
- “If the City has a directly elected Mayor, should the City have six council districts? Yes or No”
- “If the City has a directly elected Mayor, should the City have eight council districts? Yes or No”
- “Should the City continue to elect Council Members by districts? Yes or No”
- “Should the City change to elect Council Members from districts? Yes or No”

Election “by districts” means that Council Members must reside in that district and are elected by voters who only reside within that district. Election “from districts” means that Council Members must reside in that district, but they are elected by all voters in the City, regardless of the district within which they live. Currently, Moreno Valley Council Members are elected “by districts.”

The City council should be aware that there are lawsuits, and threats of lawsuits, against cities and counties that elect representatives “from districts”, or “at large”, challenging this method as violating the California Voting Rights Act of 2001, as diluting representation of protected voting classes. These lawsuits can be very expensive. As of yet, there is no decision holding that at large elections violate the California Voting Rights Act, but there are jurisdictions that have or are settling such lawsuits by changing from at large elections, to elections by districts.

The second path the City Council can choose is to give staff direction as to the number of districts to submit to the voters for approval and to confirm the election of Council Members by districts. Once the City Council gives direction as to the number of districts to submit to the voters for approval, the boundaries of the proposed districts can be

determined and finalized.

At the last City Council meeting, Council Member Batey inquired whether it would be more economical to have proposed districts drawn now since the City is redistricting based on the 2010 Census. The City Clerk has asked the contractor to provide estimates for redistricting now to accommodate four, six or eight council districts, depending on the direction from the City Council. As of the time of preparation of this Staff Report, these estimates have not been received. If they are received prior to the time of the Study Session, they will be provided to the City Council at the Study Session.

After the boundaries of the proposed districts have been determined and finalized, an ordinance will be drafted stating the number of proposed districts, a description of the boundaries of each proposed district, the number that each proposed district will bear, and confirming that Council Members will be elected by districts. The Elective Mayor will be elected on a citywide basis by the voters of the entire City.

The proposed ordinance will then go to the Planning Commission to make findings by resolution within 90 days of submission of the proposed ordinance to the City Clerk that (1) the boundaries of each proposed district close, (2) no legislative district is eliminated prior to the termination of office of the sitting Council Member from that district, and (3) the effect of the proposed redistricting does not result in a greater number of Council Members serving concurrently than authorized by the proposed ordinance [§§34875 – 34876].

Following the action by the Planning Commission, the ordinance will be brought to the City Council, along with proposed ballot measures, for direction to submit the measures to the Riverside County Registrar of Voters to be included in the next municipal general election, or special election held for that purpose. The City Council must take this action no later than 88 days prior to the date of the election [§34871; §34901].

The proposed ballot measures will read substantially as follows:

- “Shall the electors elect a mayor and _____ council members? Yes or No”
- “Shall the term of office of mayor be two years? Yes or No”
- “Shall the term of office of mayor be four years? Yes or No”
- “Shall the council members of the City of Moreno Valley be elected by districts as described in Ordinance No. _____ and the Mayor of the City of Moreno Valley be elected on a citywide basis by the voters of the entire City? Yes or No”

If a majority of the votes cast on the question is for an Elective Mayor, then the office of Mayor shall thereafter be an elective office [§34902]. At the next succeeding general municipal election held in the City, and if the majority of the electorate in the previous

election voted to have four Council Districts, one of the offices of Council Member to be filled at that election shall be designated as the office of Mayor to be filled at that election. The person elected as Mayor shall serve from the Tuesday succeeding the election until a successor is elected and qualified to be Mayor [§34902].

If, however, the majority of the electorate in the previous election voted to have six or eight Council Districts, then no district has to be designated as the office of Mayor. This election will not only include an election for the newly established office of Mayor, but will also be held for the newly established council districts and for any incumbent Council Member who is up for re-election.

The number of Council Members up for election at each general municipal election must be equalized [§34906]. If a City has an elected Mayor and the election of the remaining Council Members for four-year terms are not evenly staggered, the City Council may, on a one time basis only and prior to the first day for circulating nomination papers for the general municipal election, designate one of the Council Member seats appearing on the general election, other than the office of Mayor, to serve a two-year term until the next general municipal election. At all subsequent elections, that Council Member seat shall serve a four-year term.

The office of Elective Mayor is a member of the City Council and has all the powers of a Council Member and appointed Mayor [§§40602 – 40605]. With the consent of the electorate, or by ordinance of the City Council, an Elective Mayor may be paid compensation in addition to the compensation received as a Council Member [§36516 – 35616.1]. (NOTE: if compensation is established by a vote of the electorate, then it can only be increased or decreased by a vote of the electorate. The vote can include a formula for cost of living adjustments.)

Timing:

- Must be at least two elections, and possibly three elections if the City Council decides to have the public advise on the number of council districts and mode of Council Member election.
- First election in 2012:
 - Optional – advisory ballot measures on number of council districts and whether elected by or from districts.
 - At Study Session on August 16, 2011, City Council can direct staff to prepare advisory ballot measures for directly elected Mayor and council districts for submission to the voters at the 2012 general municipal election.
 - City Council must adopt a resolution calling an election 130 days prior to election [Elections Code §330; 10002; 10403.5; 13307].

- Proposed ballot measures must be submitted to Registrar of Voters at least 88 days prior to the election [Elections Code §§9222 – 9223; 13247].
 - Or – ballot measures and ordinance for electorate to approve office of elected Mayor, term of Mayor, redistricting, and confirm election by districts for Council Members.
 - At Study Session on August 16, 2011, City Council can give direction to staff as to how many council districts should be submitted to the voters for approval, whether Council Members are to be elected by or from districts, to prepare an ordinance for submission to the Planning Commission, and prepare ballot measures on issue of directly elected Mayor and council districts for 2012 general municipal election.
 - Submission of proposed ordinance to the Planning Commission to make required findings within 90 days of submission of proposed ordinance to the City Clerk.
 - City Council must adopt a resolution calling an election 130 days prior to election [Elections Code §330; 10002; 10403.5; 13307].
 - Proposed ballot measures must be submitted to Registrar of Voters at least 88 days prior to the election [Elections Code §§9222 – 9223; 13247].
- Second election in 2014:
 - If first election was advisory measures – then prepare and submit ballot measures and ordinance for electorate to approve office of elected Mayor, term of Mayor, redistricting, and election by or from districts for Council Members.
 - In 2013, City Council can give direction to staff as to how many council districts should be submitted to the voters for approval, whether Council Members are to be elected by or from districts, to prepare an ordinance for submission to the Planning Commission, and prepare ballot measures on issue of directly elected Mayor and council districts for 2012 general municipal election.
 - Submission of proposed ordinance to the Planning Commission to make required findings within 90 days of submission of proposed ordinance to the City Clerk.
 - City Council must adopt a resolution calling an election 130 days prior to election [Elections Code §330; 10002; 10403.5; 13307].

- Proposed ballot measures must be submitted to Registrar of Voters at least 88 days prior to the election [Elections Code §§9222 – 9223; 13247].
- Or – if measures for elected Mayor, term of Mayor, redistricting, and election by or from districts passed by a majority vote in 2012, then election of Mayor and new Council Members, if applicable.
 - City Council must adopt a resolution calling an election 130 days prior to election [Elections Code §330; 10002; 10403.5; 13307].
 - Proposed ballot measures must be submitted to Registrar of Voters at least 88 days prior to the election [Elections Code §§9222 – 9223; 13247].
- Third election in 2016:
 - If measures for elected Mayor, term of Mayor, redistricting, and election by or from districts passed by a majority vote in 2014, then election of Mayor and new Council Members, if applicable.
 - City Council must adopt a resolution calling an election 130 days prior to election [Elections Code §330; 10002; 10403.5; 13307].
 - Proposed ballot measures must be submitted to Registrar of Voters at least 88 days prior to the election [Elections Code §§9222 – 9223; 13247].
- Newly elected Mayor and Council Members take office on Tuesday following certification of election results [§34902; §36503].

Redistricting Alternatives:

- If Mayor elected in 2014:
 - Four Council Districts – either council district 2 or council district 4 shall be designated as the office of Mayor and that council district will be terminated. New redistricting takes effect upon swearing in of Mayor and Council Members.
 - Six Council Districts – new Mayor and new Council Member seated on Tuesday after certification of election results, along with Council Members for districts 2 and 4.
 - Eight Council Districts – new Mayor and three new Council Members seated on Tuesday after certification of election results, along with Council Members for districts 2 and 4. One of the council districts (probably a newly created council district) will be designated as a two-year term by the City Council prior to the first day for the circulation of nomination papers for that council district.

At the next general municipal election and thereafter, the Council Member from the council district so designated shall serve a four-year term.

- If Mayor elected in 2016:
 - Four Council Districts - either council district 1, 3 or 5 shall be designated as the office of Mayor and that council district will be terminated. New redistricting takes effect upon swearing in of Mayor and Council Members.
 - Six Council Districts – new Mayor and new Council Member seated on Tuesday after certification of election results, along with Council Members for districts 1, 3 and 5. One of the council districts (probably the newly created council district) will be designated as a two-year term by the City Council prior to the first day for the circulation of nomination papers for that council district. At the next general municipal election and thereafter, the Council Member from the council district so designated shall serve a four-year term.
 - Eight Council Districts – new Mayor and three new Council Members seated on Tuesday after certification of election results, along with Council Members for districts 1, 3 and 5. Two of the council districts (probably newly created council districts) will be designated as a two-year term by the City Council prior to the first day for the circulation of nomination papers for those council districts. At the next general municipal election and thereafter, the Council Members from those council districts so designated shall serve a four-year term.

ALTERNATIVES

1. City Council can give direction to staff to prepare proposed advisory ballot measures for submission to the voters at the November 6, 2012, general municipal election or a special election called for that purpose.
2. City Council can give direction to staff to commission redistricting for four, six or eight council districts and preparation of a proposed ballot measures and ordinance for electorate to approve office of elected Mayor, term of Mayor, redistricting, and confirm election by districts for Council Members for submission to the voters at the November 6, 2012, general municipal election.

FISCAL IMPACT

Attached hereto as Exhibit A, is a table of proposed costs for the above prepared by former Deputy City Manager Rick Hartman in early 2010. It is recommended that this analysis be updated in order to provide the City Council with more accurate estimates. This table is merely being provided to give the City Council some general idea as to the ongoing costs of the office of Elected Mayor and a proposed increase of council districts.

ATTACHMENTS/EXHIBITS

Exhibit A – Table of directly Elected Mayor Cost Estimates

Prepared By:
 Name Robert L. Hansen
 Title City Attorney

Department Head Approval:
 Name Robert L. Hansen
 Title City Attorney

Concurred By:
 Name
 Title

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



MEMORANDUM

To: Robert Herrick, Special Legal Counsel
From: Rick C. Hartmann, Interim Assistant City Manager
Date: March 16, 2010
Subject: FIXED AND OPERATION COST ESTIMATES FOR THE PROPOSED DIRECTLY ELECTED MAYOR BALLOT MEASURE

BACKGROUND

As requested by the City Attorney's Office, I have worked with Staff to estimate the fixed and operation costs associated with the three directly elected Mayor scenarios to be considered by the City Council at its April 20 Study Session meeting. The three scenarios are as follows:

- Scenario One: Directly elected Mayor and four City Council Members for a total of five elected seats.
- Scenario Two: Directly elected Mayor and six City Council Members for a total of seven elected seats.
- Scenario Three: Directly elected Mayor and eight City Council Members for a total of nine elected seats.

ANALYSIS

Office Space: Each scenario was analyzed as to the impacts that may occur on fixed costs and operation expenses. Regarding fixed costs, Staff first assessed the need for office space. Scenario One was the simplest. The only suggested change to the existing City Council office configuration was the accommodation of a separate conference room with table and chairs for the Mayor and the conversion of the Assistant City Clerk's office (presently vacant) to the fourth City Council office. The cost to accommodate Scenario One is estimated to be \$18,000.

Scenario Two would require the relocation of the Deputy City Clerk and work area to construct two new City Council offices. The relocation of the Deputy City Clerk and work area should be close to the City Clerk and department records. The logical space would be to convert the existing Training Conference Room to needed offices and work area. This would reduce the number of large conference/meeting rooms in City Hall to the City Manager's Conference Room on the second floor, the

Aquarium Conference Room on the first floor, and the Council Chambers. There will still be three small conference/meeting rooms that can accommodate up to ten people. However both the City Manager's Conference Room and the Training Conference Room are frequently used given the need for a larger room to accommodate more than ten people. The cost to accommodate Scenario Two is estimated to be between \$150,500 and \$170,500. Included in the estimate is office furniture and related equipment for the new City Council offices and staff.

The third scenario, Scenario Three, created a number of challenges. In essence, both the City Manager's Office and the City Attorney's Office would have to be relocated to other parts of City Hall or moved off-site. If the two Offices are relocated in other areas of City Hall, other departments and staff may be displaced and relocated. The cost to accommodate Scenario Three is estimated to be between \$283,000 and \$323,000. Included in the estimate is office furniture and related equipment for the new City Council offices and staff.

Council Chambers and Other Facilities: Staff also considered the need for additional space in the Council Chambers and other facilities. As would be expected, Scenario One did not impact the Chambers or cause an impact on other facilities. There would be a minor expense of \$400 for new parking signs and maybe pavement markings.

Scenario Two may not impact the existing configuration of the Council Chambers, specifically the dais, if the City Council is comfortable with the current dais seating configuration for seven, with each space having a 33 inch work area. If the City Council would like to have a larger (42 inch) seating area/work space, the dais would have to be reconstructed and possibly relocated to the Chambers' easterly wall. If this were to occur, there would be additional expense to rewire the sound equipment and other equipment as well as lighting, staff seating area, video monitors, and the speaker's podium. If relocating the dais to the easterly wall does not work, relocating the Council Chambers off-site may have to be considered which would significantly add to the cost estimate for this scenario. There would be a minor expense of \$600 for new parking signs and pavement markings if the existing dais for seven is acceptable.

Scenario Three would require the relocation of the Council Chambers off-site (i.e., use of one of the city's building in the complex to the south) or the reconstruction of the easterly wall out for more space. A new dais would have to be purchased and associated furniture, sound equipment, video monitoring equipment, etc., to accommodate nine seating areas/working spaces. If a permanent Chambers cannot be accommodated elsewhere, a portable dais would have to be considered and available at the Conference and Recreation Center. Staff has estimated the cost of Scenario Three to be between \$22,800 and \$1.5 million.

Operation Expenses: In addition to the fixed charges described above, Staff has estimated the fiscal impacts of a directly elected Mayor on the City’s budget using the same three scenarios. Scenario One is a “base budget” with the addition of a Management Analyst. The new position would assist the Mayor in a number of legislative and political matters. Scenarios Two and Three increased the base budget by the number of elected seat being increase to seven and nine, respectively and adding an Administrative Assistant for Scenario Two and two Assistants for Scenario Three. The cost estimates between the three scenarios range between \$530,530 and \$891,444.

Attached to this Memorandum are three tables. Each table describes in more detail the various items and related cost estimates described above.

SUMMARY

In summary, the cost estimate for each scenario varies significantly and the table below has been prepared to demonstrate this fact. Please note Staff has quickly, for the purpose of discussion only, prepared this Memorandum and cost estimates. If the City Council wants to visit one or more the scenarios above in more detail, Staff stands ready to assist if requested.

**DIRECTLY ELECTED MAYOR
 COST ESTIMATE SUMMARY TABLE**

Cost Estimates	Scenario One	Scenario Two	Scenario Three
<u>Table 1</u> Mayor and City Council Offices	\$18,000	\$150,500 to \$170,500	\$283,000 to \$323,000
<u>Table 2</u> Council Chambers and Other Costs	\$400	\$600	\$1,172,800 to \$2,172,800
<u>Table 3</u> Annual Operation Expenses*	\$530,530	\$710,987	\$891,444
TOTAL	\$548,930	\$862,087 to \$882,087	\$2,347,244 to \$3,387,244

* A "Base Budget" amount of \$433,584 was used.

If you have any questions, please feel free to contact me.

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Attachments (3)

- c: Robert Hansen, City Attorney (w/ attachments)
- Bill Bopf, Interim City Manager (w/ attachments)
- Jane Halstead, City Clerk (w/ attachments)

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**TABLE 1
Directly Elected Mayor Cost Estimates:
Mayor and Council Offices**

No.	Mayor and City Council Offices Improvements Necessary to accommodate Scenarios (In today's dollars)	Scenario One: Directly Elected Mayor + 4 Council Members	Scenario Two: Directly Elected Mayor + 6 Council Members	Scenario Three: Directly Elected Mayor + 8 Council Members
1	Convert two existing council offices into one for the Mayor (to accommodate conference table/chairs). Relocate fourth council office into vacant Assistant City Clerk's office.	\$10,000	\$10,000	Not Applicable
2	New conference table and chairs (6).	\$8,000	\$8,000	\$8,000
3	Relocate staff to Training Conference Room and build two new offices with new furniture.	Not Applicable	\$75,000	Not Applicable
4	Construct 2-new council offices or conference rooms where existing Deputy City Clerk presently works and the Office's work area.	Not Applicable	\$25,000	Not Applicable
5	Relocate City Attorney's Office and staff to other offices. Purchase furniture as necessary. May require the relocation of other staff to other locations.	Not Applicable	Not Applicable	\$100,000*

TABLE 1
Directly Elected Mayor Cost Estimates:
Mayor and Council Offices

No.	Mayor and City Council Offices Improvements Necessary to accommodate Scenarios (In today's dollars)	Scenario One: Directly Elected Mayor + 4 Council Members	Scenario Two: Directly Elected Mayor + 6 Council Members	Scenario Three: Directly Elected Mayor + 8 Council Members
6	Relocate City Manager Office and staff to other offices. Purchase furniture as necessary. May require the relocation of other staff to other locations.	Not Applicable	Not Applicable	\$90,000*
7	Miscellaneous office equipment per new office: Computer, phone, "hold-up" button, etc., (estimated at \$5,000/office).	Not Applicable	\$30,000 to \$50,000	\$80,000 to \$120,000
8	Space-planning consultant fee.	Not Applicable	\$2,500	\$5,000
	SUBTOTAL	\$18,000	\$150,500 to \$170,500	\$283,000 to \$323,000

* No estimate has been provided to relocate other offices if the CMO and/or CAO displace existing staff/departments in City Hall.

TABLE 2
Directly Elected Mayor Cost Estimates:
Council Chambers and Other Facilities

No.	Council Chambers and Other Facilities improvements to Accommodate Scenarios <i>(In today's dollars)</i>	Scenario One: Directly Elected Mayor + 4 Council Members	Scenario Two: Directly Elected Mayor + 6 Council Members	Scenario Three: Directly Elected Mayor + 8 Council Members
1	<p><u>Option A</u> Enlarge Council Chambers to the east (feasibility study required – cost unknown) to relocate dais. Purchase new 'made-to-fit' dais with 42" work-area/seating area. Purchase new furniture as necessary.</p>	Not Applicable	Not Applicable	\$126,000
2	<p><u>Option B</u> Purchase new dais with 30" work-area/seating area. Install in the present location. Purchase new furniture as necessary.</p>	Not Applicable	Not Applicable	\$9,000
3	<p><u>Option C</u> Utilize the existing dais and add two 33" work-areas/seating areas to match and modify dais platform.</p>	Not Applicable	Not Applicable	\$35,000
4	<p><u>Option D</u> Relocate Council Chambers and staff off-site to Annex No. 1 building. Renovate building. Include annual maintenance/facilities charges to the new off-site Council Chambers.</p>	Not Applicable	Not Applicable	\$1,000,000 to \$2,000,000

TABLE 2
Directly Elected Mayor Cost Estimates:
Council Chambers and Other Facilities

No.	Council Chambers and Other Facilities improvements to Accommodate Scenarios (In today's dollars)	Scenario One: Directly Elected Mayor + 4 Council Members	Scenario Two: Directly Elected Mayor + 6 Council Members	Scenario Three: Directly Elected Mayor + 8 Council Members
5	<u>Option E</u> Relocate Council Chambers to CRC will require additional discussion regarding the size of the dais, portability of dais, orientation, media support, etc.	Not Applicable	Not Applicable	Unknown
6	Purchase new chairs (if necessary).	Not Applicable	Not Applicable	\$2,000
7	Rework or install cabling, wiring, video cameras, microphones, Mayor's control panel, etc.	Not Applicable	Unknown	Unknown
8	Add new parking spaces and/or signs.	\$400	\$600	\$800
	SUBTOTAL	\$400	\$600	\$1,172,800 to \$2,172,800

**TABLE 3
Directly Elected Mayor Cost Estimates:
Operation Expenses**

No.	Mayor and City Council Offices Operation Expenses (In today's dollars)	Scenario One: Directly Elected Mayor + 4 Council Members	Scenario Two: Directly Elected Mayor + 6 Council Members	Scenario Three: Directly Elected Mayor + 8 Council Members
1	Mayor and City Council Salaries (including benefits): \$46,711 per position	\$233,555	\$326,977	\$420,399
2	Attendance at RDA and CSD meetings (48 per year each): \$6,240 per position	\$31,200	\$43,680	\$56,160
3	City Council discretionary funds: \$3,000 per position	\$15,000	\$21,000	\$27,000
4	Administrative Assistant(s): \$68,555 per position with benefits*	\$68,555	\$137,110	\$205,665
5	Executive Assistant: \$85,274 per position with benefits	\$85,274	\$85,274	\$85,274
6	Management Analyst: \$96,946 per position with benefits	\$96,946	\$96,946	\$96,946
	SUBTOTAL	\$530,530	\$710,987	\$891,444

* The number of Administrative Assistants: Mayor with six Council Members – 2 Assistants; Mayor and eight Council Members – 3 Assistants.

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