



**AGENDA**  
**CITY COUNCIL OF THE CITY OF MORENO VALLEY**  
**MORENO VALLEY COMMUNITY SERVICES DISTRICT**  
**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF**  
**MORENO VALLEY AND MORENO VALLEY**  
**HOUSING AUTHORITY**

**January 17, 2012**

**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.*

William H. Batey II, Mayor Pro Tem  
Jesse L. Molina, Council Member

Richard A. Stewart, Mayor

Robin N. Hastings, Council Member  
Marcelo Co, Council Member

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CITY COUNCIL OF THE CITY OF MORENO VALLEY  
MORENO VALLEY COMMUNITY SERVICES DISTRICT  
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO  
VALLEY AND MORENO VALLEY HOUSING AUTHORITY**

**STUDY SESSION - 6:00 PM  
JANUARY 17, 2012**

**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. LONG RANGE BUSINESS PLAN (FASD/40 MIN)
2. ECONOMIC DEVELOPMENT ACTION PLAN UPDATE (CEDD/15 MIN)
3. 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/Moreno Valley Housing Authority after distribution of the agenda**

AGENDA  
January 17, 2012

**packet are available for public inspection in the City Clerk's office at 14177 Frederick Street during normal business hours.**

AGENDA  
January 17, 2012

## **CLOSED SESSION**

A Closed Session of the City Council, Community Services District, Community Redevelopment Agency of the City of Moreno Valley and Moreno Valley Housing Authority 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(a) - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

- a      Case:        *Sipple et al v. City of Alameda et al*  
         Court:      Superior Court of the State of California, County of Los Angeles  
         Case No:    BC 462270

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

Number of Cases: 5

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

Number of Cases: 5

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

## **ADJOURNMENT**

AGENDA  
January 17, 2012



# CITY OF MORENO VALLEY

## LONG RANGE BUSINESS PLAN FY 2011-12 THROUGH FY 2019-20

**January 17, 2012**

# Presentation Overview

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**Background issues framing the LRBP**



**Purpose of the Long Range Business Plan**



**Structure of the LRBP**



**Presentation of the Financial Model**

# Financial Background



## City has had a historically low tax base

### Low Property Tax Base:

- ❖ Post Prop. 13 City – only receive 10% of the City's tax levy
- ❖ Still relatively new City – only 50% built-out
- ❖ Most development has been residential – 1% tax limit does not generate enough revenue to pay for services required

### Low Sales Tax Base due to:

- ❖ Bedroom Community – commuters spend where they work
- ❖ Low employment base - no draw of commuters into the City to generate sales tax
- ❖ High unemployment – affects spending within the City

# General Fund Revenue Comparison to Cities in the Region

City	Population	General Fund Per Capita	Percent of Average
Moreno Valley	195,216	\$414	74%
Corona	153,649	\$702	
Fontana	198,456	\$475	
Rancho Cucamonga	168,181	\$522	
Temecula	101,657	\$535	
<b>Four City Average</b>	<b>155,486</b>	<b>\$559</b>	



# Sales Tax Comparison to Similar Cities in the Region

## Second Quarter 2011 Sales Tax Comparison

	Population	No. of	Sales Tax	Avg. Sales	Businesses	Sales Tax
	As of	Businesses	Generated	Tax/Business	per 1,000	per 1,000 pop.
	1/1/2011				Population	
Moreno Valley	195,216	2,611	2,994,923	1,147	13.4	15,342
Percent of Average	125.6%	59.2%	50.6%	84.5%	45.7%	37.9%
Temecula	101,657	3,611	5,707,393	1,581	35.5	56,144
Corona	153,649	4,709	6,998,813	1,486	30.6	45,551
Rancho Cucamonga	168,181	4,393	5,362,449	1,221	26.1	31,885
Fontana	<u>198,456</u>	<u>4,917</u>	<u>5,614,550</u>	<u>1,142</u>	<u>24.8</u>	<u>28,291</u>
<b>Four City Average</b>	<b>155,486</b>	<b>4,408</b>	<b>5,920,801</b>	<b>1,357</b>	<b>29</b>	<b>40,468</b>

# Factors Affecting Tax Base Development



## Geographic Location

- ✓ More distant from the Los Angeles and Orange County Job Centers



## Bedroom Community –

- ✓ Commuters don't spend where they live, spend where they work



## Lack of significant job base

- ✓ Jobs bring workers from outside into the City to spend
- ✓ Employers attract support businesses, creating business to business sales



## High Unemployment

- ✓ Residents unemployed spend less

# Purpose of the LRBP

 **Embodies the concepts and direction from key policy documents**

- City Council Goals and Action Plan – May 2011**
- Economic Action Plan – March 2011**
- Three-Year Deficit Elimination Plan – April 2011**
- Two-Year Adopted Budget – May 2011**

 **Presents Key Revenue and Expenditure Issues during the plan period**

 **Models the Baseline Financial Structure and Impacts of Key Financial Decisions**

**Council Goals and Action Plan**

**Economic Action Plan**

**Vision - Planning**

**Long Range Business Plan**

**Projections - Modeling**

**Three-Year Deficit Elimination Plan**

**Two-Year Adopted Budget**

# City Council Prioritized Goals From May 2011 Workshop



**Job Development – maximizing vacant land**



**Focus on Medical Corridor and Health Services/Educational Opportunities**



**Maximize Transportation and Infrastructure Opportunities**



**Economic and Tax Base Development**



**Enhance City Image**

# Economic Action Plan



**Focus on business development and attraction in a range of commercial and retail locations**



**Enhance retail and restaurant development in the Towngate area**



**Advance development on projects in the Centerpointe Business Park**



**Facilitate development of projects in the South Moreno Valley Industrial Specific Plan**



**Re-evaluate land uses in eastern Moreno Valley**



**Re-sequence and fast-track three Capital Improvement Projects in the City Center area**

# Developing the Baseline Model

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**Established six-year history of actual financial data**



**Used the Adopted Two-Year Budget for FY 2011-12 and FY 2012-13 as the Baseline Model**



**Incorporated the approved reductions in the Three-Year Deficit Elimination Plan for FY 2013-14 as Baseline Model**



**Projected revenues moderately for the current tax and revenue base through FY 2019-20 to gauge growth of the City's revenue base**

# Developing the Baseline Model







**Kept expenses constant for the project period to determine available revenues to fund expenditure needs, with the following exceptions:**

- ☑ Added the deferred Retiree Medical Trust contribution of \$450,000 annually in FY 2014-15 and future years**
- ☑ Added a 2% cost growth factor for the Police and Fire contracts to reflect nominal CPI growth**
  - ❖ This adds over \$700,000 each for PD and \$250,000 for Fire**
- ☑ Added the cost of maintaining and replacing the PD Cameras of \$330,000 annually in FY 2013-14 and future years**
- ☑ Included the cost of opening the Morrison Park Fire Station at \$1.5 million in FY 2013-14 and future years**



# Baseline Model

-  **Baseline Model A ties to the adopted Two-Year Budget**
-  **Also ties to the Three-Year DEP**
-  **Is outdated, since we know revenues have grown and need to be updated**
-  **The revenues will be formally updated with the action for the Mid-Year Budget and FY 2012-13 Budget amendments that will be presented in April 2012**

# Baseline Model B Revenue Update



## Loss of Vehicle License Fees (VLF) based on action of the State to divert this revenue to Riverside County

- ☑ Loss \$400,000 beginning in FY 2011-12



## Adjust Taxes for FY 2011-12 based on current info and experience

- ☑ Property tax updated on Auditor-Controller's info \$700,000 annually in FY 11-12
- ☑ Sales tax updated based on recent actual payments adds about \$800,000 during the first three years of the plan
- ☑ Realistic growth in sales tax base adds \$500,000 annually in FY 2014-15
- ☑ Adjusted TOT based on actual experience adds \$120,000 in FY 11-12/FY 12-13



## Streetlights: Residential/Arterial need Gen Fund Subsidies

- ☑ \$1 million per year funded in FY 2011-12 and FY 2012-13; not included in future years

# Baseline Model B Expenditures



## **Cost of opening Morrison Park Fire Station added - September 2012**

- ☑ Funded for 1/2 year of operation only from reduction of one Fire Truck
- ☑ Impact is \$1.5 million annually and increases with contract rate increases



## **Restore funding of Retiree Medical Payments into the OPEB Trust**

- ☑ Payments were temporarily suspended during the Three-Year DEP
- ☑ Payments are restored in FY 2014-15 and future years at \$450,000 annually



## **Annual Public Safety Contract Increases – Police and Fire**

- ☑ The Baseline Model B includes a 2% annual increase for public safety contracts
- ☑ This adds annually - \$700,000 for PD and \$280,000 for Fire



## **Includes the cost of maintaining and replacing the Police Camera System**

- ☑ \$330,000 annually in FY 2013-14 and future years

# Review of the Baseline Model B



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**Results and details of Baseline Model B will be reviewed in Excel Form at the Study Session on January 17, 2012**

# LRBP Model C Revenue Update

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-  Revenue assumptions will be detailed and reviewed at the Study Session on January 17, 2012
-  These are still being modeled and updated at the time of agenda printing

# LRBP Model C Expenditure Update



## **Annual Public Safety Contract Increases – Police and Fire**

- ☑ **Baseline Model B assumes a 2% annual public safety contract increase; LRBP Model C continues this assumption**
- ☑ **Future Models may consider a higher contract increase - Each additional 1% adds annually \$350,000 for Police and \$140,000 for Fire**



## **Assume removal of the DEP Year 3 Police reduction of 9 sworn officers**

- ☑ **This adds back \$2,000,000 in base cost in FY 2013-14 and future years**



## **Adjust for Fire vacancies/consistent with historic budget under-runs**

- ☑ **Models savings of \$390,000 for Fire contract (3% factor)**



## **Build in a General Fund Vacancy Factor for all positions – 4% (\$400,000)**

# Review of LRBP Model C

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 **Results and details of LRBP Model C will be reviewed in Excel Form at the Study Session on January 17, 2012**

# Costs Not Modeled

**Eliminate employee furloughs: 10% - valued at \$1.1 million**

**Restore Employee merit movement within ranges**

**Consideration of a COLA adjustment for employees**

**Annual Public Safety Contract Increases – Police and Fire**

- LRBP Model B assumes a 2% annual public safety contract increase; determine the need to model a higher annual increase of 3% or 4%
- Rate of cost growth cannot exceed City's revenue growth
- Each additional 1% adds annually \$350,000 – Police/ \$140,000 - Fire

**Estimate the cost savings of the Tier 3 benefit plan**

**Begin to restore lost positions and services as feasible**

- Police: restore Sworn Officer positions (13 sworn officers), add motor officers
- Fire: restore Captain Medic, Administrative Battalion Chief, Fire Safety Specialist
- Finance: Accounting, Treasury, Facilities
- Animal Services
- City Clerk
- Human Resources



# Costs Not Modeled



## **Future Street Maintenance needs, significant deferred maintenance liability**

- ✓ **At least \$1 million more per year to begin to maintain street quality**
- ✓ **Consider using a portion of GF savings at the end of each fiscal year to fund the next year's street maintenance program**



## **Fire Stations and Equipment to address commercial and retail growth, timing uncertain**

- ✓ **Add two fire stations, based on growth and development requirements**
  - ❖ **One east end and one south/central**
  - ❖ **Purchase an engine for each new Fire Station**
- ✓ **Add new truck to replace current Quint, requires new funds since replacement funds were already used**
- ✓ **Redeploy the Truck removed from service in DEP, staff with 11 people instead of the eight previously employed**

# Costs Not Modeled



## Fund solutions to Box Springs Mutual Water Company water infrastructure problems

- ✓ Consider condemnation of the Mutual Water Company
- ✓ Contract for operation of the utility services
- ✓ Fund the capital improvements to improve the water system infrastructure to accommodate development in the Edgemont area



## PERS contributions will be increasing for the planning period

- ✓ City PERS trust has decreased to being 56% funded based on the Market Value of Assets as of June 2010
- ✓ This compares to 82% in June 2006 and 52% in June 2009







## Need to rebuild and re-establish reserves

- ✓ Update reserve policy for working capital and economic uncertainty
- ✓ Create a funding plan

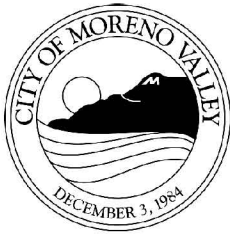


## Fund Compensated Absences – begin funding after 2020

# Upcoming Actions

-  **Staff will update the Model for future revenue from new development by January 20, 2012**
-  **One on One meetings with Councilmembers to review modeling scenarios by February 1, 2012**
-  **Present the updated LRBP Model Scenarios on Feb. 7, 2012**
-  **Present a final Long Range Business Plan to City Council for consideration on March 13, 2012**
-  **Council will review/approve the Update of the Mid-year FY 2011-12 and the FY 2012-13 Budgets in April 2011**
  - Ongoing and one-time revenues/resources will be evaluated and updated**
  - Expenditure changes from plan will be incorporated**

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APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>RF</i>
CITY MANAGER	<i>MS</i>

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## Report to City Council

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**TO:** Mayor and City Council

**FROM:** Barry Foster, Community & Economic Development Director

**AGENDA DATE:** January 17, 2012

**TITLE:** ECONOMIC DEVELOPMENT ACTION PLAN UPDATE

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### **BACKGROUND**

The City of Moreno Valley is moving quickly to enhance the economic condition, development services, and quality of life within the community through a variety of methods.

Several actions have taken place during the past ten months including:

- March 22, 2011 - the City Council reviewed and provided input for an Economic Development Plan- Areas of Opportunity brought forth by the Community & Economic Development Department.
- April 26, 2011 - the City Council adopted a 2-year Economic Development Action Plan targeting five key geographic areas within the twelve Areas of Opportunity that have the potential for yielding the best and quickest near-term economic development benefits. These areas include TownGate, Centerpointe Business Park, South Moreno Valley Industrial Area, East Moreno Valley-Rancho Belago, and City Center. Included in the adoption of the 2-year Action Plan was the strategic decision of the re-sequencing of several Capital Improvement Program projects aimed at bolstering the economic development within the five focus areas.
- Collectively, the objectives for the Economic Development Action Plan are 1) creating jobs and addressing the high unemployment rate; 2) addressing the jobs to housing imbalance; 3) strengthening and broadening the local economic base; and 4) enhancing City revenue generation. The overall focus of the ED Action Plan is pursuing development and business opportunities in two sectors – medical/healthcare and logistics/distribution.

- June 14, 2011 - the City Council adopted the Prioritized Goals and Action Plan that was developed through the City Council Goal Setting workshop held on May 18, 2011. The adopted goals include: 1) Job Development; 2) Focus on further development of the Medical corridor and Health Services/Educational Opportunities; 3) Maximize Transportation and Infrastructure Opportunities; 4) Economic and Tax Base Development; and 5) Enhance the City’s Image.
- July 12, 2011 - the City Council approved the Action Steps formulated to help establish a foundation for making Moreno Valley a “Best Place to do Business”.

**DISCUSSION**

To keep City Council and the general public properly informed, the attached PowerPoint provides an update of progress towards achievement of the objectives in the initiatives set forth among the five Areas of Opportunity in the Economic Development Action Plan:

- TownGate
- Centerpointe Business Park
- South Moreno Valley Industrial Area
- East Moreno Valley- Rancho Belago
- City Center

Prepared By:  
Shanna Palau  
Management Analyst

Department Head Approval:  
Barry Foster  
Community & Economic Development Director

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

Moreno Valley

# *On the Move*

Economic Development  
Action Plan Update



# Strategic Economic Development Critical Path

- Identified Areas of Opportunity
- Adopted Economic Development Action Plan
- Updated Housing Element
- Action Steps to make Moreno Valley a “Best Place to do Business”





# Strategic Economic Development Critical Path

- City Council Goal Setting workshop
- Reorganization of Development Services
- Protecting projects funded by Redevelopment Agency
- Collaboration with major Developers to advance projects



# Report Card 2011

- Job Creation- 2,198
- Sales tax revenue growth
- Strong business attraction
- Significant industrial development
- Unemployment rate improving
- Residential market stabilizing



# Economic Development Action Plan

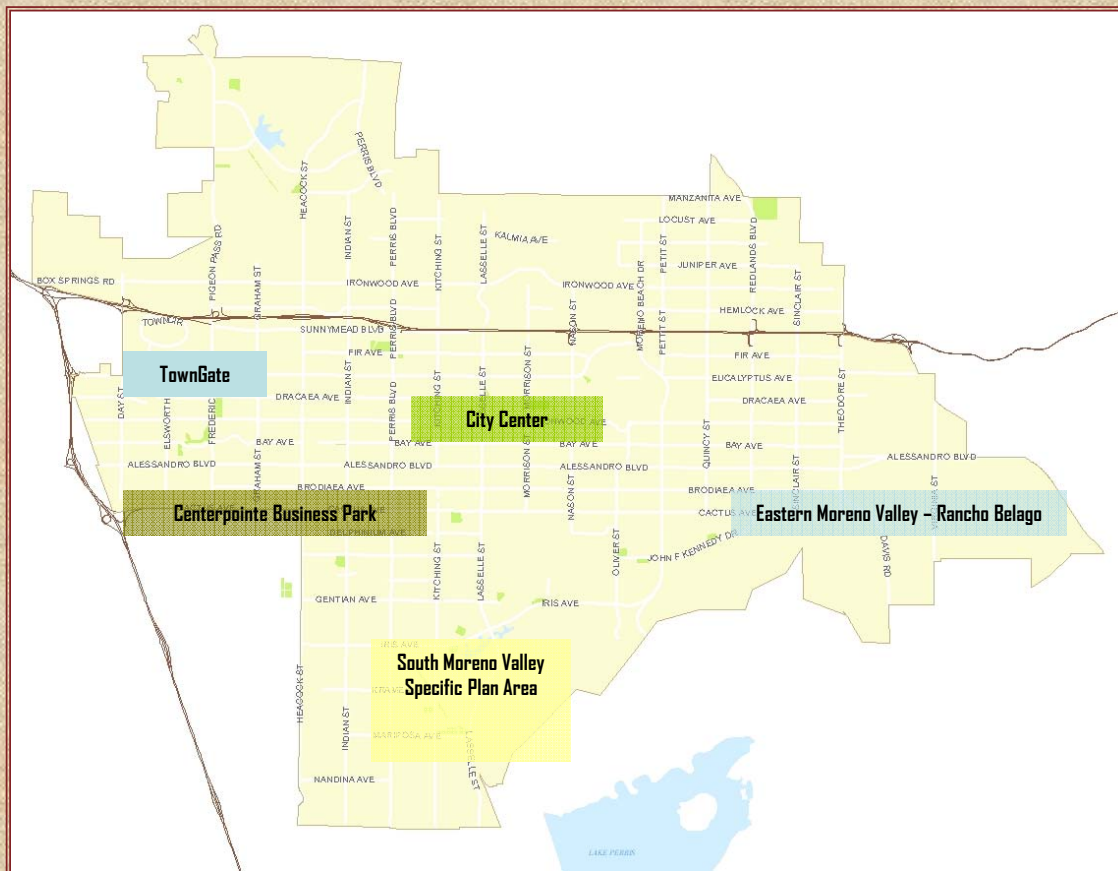
Focus on five geographic areas for significant economic improvement in 2 years

- TownGate
- Centerpointe Business Park
- South Moreno Valley Industrial Area
- Eastern Moreno Valley – Rancho Belago
- City Center
- Target two business sectors
  - Medical/Healthcare
  - Logistics/Distribution



# Economic Development Action Plan

## Areas of Opportunity



# TownGate

- Five Guys Burgers & Fries, Panera Bread, and Anna's Linens
- TJ Maxx and HomeGoods combo store
- More potential tenant negotiations underway
- Approved new signage program
- Moreno Valley Mall has new tenants and conceptual plans for expansion and repositioning



# Centerpointe

- Harbor Freight Tools
  - New 779,016 s.f. Distribution Center in November
  - 250 new jobs
- Overton Moore Properties
  - Re-started the grading plan check process for a 522,774 s.f. industrial building
- Ridge Property Trust
  - In Planning for a 353,869 s.f. industrial building at the NWC of Cactus Avenue and Joy Street



# South Moreno Valley Industrial Area

- **First Inland Logistics Center**
  - First Industrial Realty Trust Inc.
  - 691,960 s.f.
- **Nandina Distribution Center**
  - IDS Real Estate Group
  - 1.18 million s.f. total
- **Inland Empire Global Logistics Center**
  - Panattoni Development Company
  - 1,560,046 s.f.
- **I-215 Logistics Center**
  - Trammell Crow
  - 2,057,400 s.f.
- **More Development Coming**
  - A total of 7.4 million s.f. underway



## Eastern Moreno Valley- Rancho Belago

- Planning underway for New Specific Plan – World Logistics Center
- 1.82 million square foot Skechers now fully operating
- Westridge Commerce Center
  - Ridge Property Trust
  - 943,800 s.f. distribution/logistics -Approved





# City Center Re-sequencing of CIP Projects

- SR 60/ Nason Improvements
- Installation of new SR 60 southerly ramps at Moreno Beach
- Extension of Nason St. southerly to connect Cactus Ave. with Iris Ave.
- Improvements on Cactus Ave. between Lasselle St. and Nason St.



# City Center

- Advance the development of the City's medical overlay zone



- Kaiser Permanente's expansion under construction
  - 74,000 s.f. new medical building



## City Center

- Moreno Valley Auto Mall
  - Volkswagen of America Inc.
  - New freeway sign installed
  - More dealerships planned
- Interest in re-occupancy of the three closed anchor spaces in Moreno Beach Plaza II



# “Best Place to do Business”

- Development Services
- Business Attraction
- Business Retention and Expansion
- Marketing and Communication
- Community Vitality



# Economic Development

The key is improving jobs to housing balance

**JOBS, JOBS, AND MORE JOBS...**



# Contact Us

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