



AGENDA

**CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
CITY AS SUCCESSOR AGENCY FOR THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF
MORENO VALLEY
MORENO VALLEY HOUSING AUTHORITY**

December 16, 2014

STUDY SESSION – 6:00 P.M.

City Council Study Sessions

First & Third Tuesdays of each month – 6:00 p.m.

City Council Meetings

Second & Fourth Tuesdays of each month – 6:00 p.m.

City Council Closed Session

*Immediately following Regular City Council Meetings and
Study Sessions, unless no Closed Session Items are Scheduled*

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 Mark Sambito, ADA Coordinator at 951.413.3120 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.

Jeffrey J. Giba, Council Member
Dr. Yxstian A. Gutierrez, Council Member

Jesse L. Molina, Mayor

George E. Price, Council Member
D. LaDonna Jempson, Council Member

**AGENDA
CITY COUNCIL OF THE CITY OF MORENO VALLEY
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***THE CITY COUNCIL RECEIVES A SEPARATE STIPEND FOR CSD MEETINGS**

**STUDY SESSION - 6:00 PM
DECEMBER 16, 2014**

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. MORENO VALLEY STREET LIGHTING PROGRAM (PowerPoint/Staff Report) (FMS/15 Mins.)
2. FORECLOSURE REGISTRATION PROGRAM (PowerPoint/Staff Report) (CEDD/15 Mins.)
3. FISCAL YEAR 2013/14 YEAR-END BUDGET REVIEW AND FISCAL YEAR 2014/15 FIRST QUARTER BUDGET REVIEW (Staff Report/PowerPoint) (FMS/20Mins.)
4. CITY COUNCIL REQUESTS AND COMMUNICATIONS

AGENDA
December 16, 2014

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

v Oral Presentation only – No written material provided

***Materials related to an item on this Agenda submitted to the City Council/Community Services District/City as Successor Agency for the Community Redevelopment Agency/Housing Authority 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, City as Successor Agency for the Community Redevelopment Agency of the City of Moreno Valley or 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(d)(1) - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

- a Case: *Mobbs V. Walden Environment, et al.*
Walden Environment V. City of Moreno Valley, et al.
Court: Riverside Superior Court Case
Case No: RIC 1300161

2 SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO PARAGRAPH (2) OR (3) OF SUBDIVISION (D) OF SECTION 54956.9

Number of Cases: 5

3 SECTION 54956.9(d)(4) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 5

4 SECTION 54957.6 - LABOR NEGOTIATIONS

- a) *Agency Representatives: Chris Paxton, Rick Teichert & Tom DeSantis, Employee Organization: MVMA*
- b) *Agency Representatives: Chris Paxton, Rick Teichert & Tom DeSantis, Employee Organization: MVCEA*

AGENDA
December 16, 2014

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

ADJOURNMENT

CERTIFICATION

I, Jane Halstead, City Clerk of the City of Moreno Valley, California, certify that the City Council Agenda was posted in the following places pursuant to City of Moreno Valley Resolution No. 2007-40:

City Hall, City of Moreno Valley
14177 Frederick Street

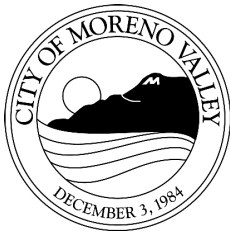
Moreno Valley Library
25480 Alessandro Boulevard

Moreno Valley Senior/Community Center
25075 Fir Avenue

Jane Halstead, CMC,
City Clerk

Date Posted: December 10, 2014

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APPROVALS	
BUDGET OFFICER	<i>me</i>
CITY ATTORNEY	<i>SMB</i>
CITY MANAGER	<i>D</i>

Report to City Council

TO: Mayor and City Council

FROM: Richard Teichert, Chief Financial Officer

AGENDA DATE: December 16, 2014

TITLE: MORENO VALLEY STREET LIGHTING PROGRAM

RECOMMENDED ACTION

This item is to update the Mayor and Council on the financial status of the City's street lighting program and efforts to control costs.

DISCUSSION

As street lights are installed within the City, they are dedicated to the utility provider. The two utility providers, Southern California Edison (SCE) and Moreno Valley Utility (MVU), charge the City a monthly tariff to maintain and illuminate 11,847 street lights. The City levies a parcel charge and/or parcel tax on the annual property tax bills which funds the street lighting program. Street light service to the Edgemont community is provided by an independent special district (see attached map) which levies parcel charges to pay for the street lights within its boundaries; this area is not included within the City's street lighting program.

Every three years, utility providers can apply to modify the rates charged for utility services through a General Rate Case (GRC) process. The California Public Utilities Commission (CPUC) must approve any increases prior to implementation. The street light tariff is included within this process.

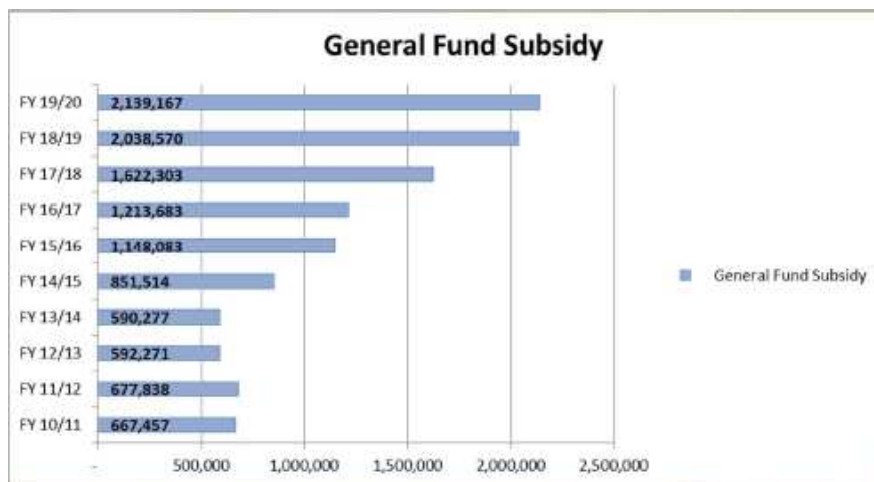
There are two components of the street light tariff: facilities charge and energy charge. The facilities charge is approximately 76% of the tariff while the energy charge constitutes the remaining 24%. The increases included in the GRC usually apply to the facilities charge while the energy charges are market driven and can change several times a year.

Over the years, multiple increases were approved for the street light tariff, increasing costs to operate the City’s street light program. Between 2006 and 2010, the tariff increased 47%, which caused expenditures to exceed the revenue received from the fixed parcel charge collected via property tax bills. The City’s General Fund has since been used to cover the shortfall.

The City explored a number of alternatives to reduce expenditures to include removing street lights, turning off street lights, and converting the street lights from high pressure sodium vapor (HPSV) to energy efficient LED lighting. None of the options explored provided enough of a savings to warrant implementation. Since City owned street lights are subject to a lower tariff, the City contemplated buying the SCE street lights and providing the operation and maintenance on the street lights itself in order to control costs. At that time (2009/10), SCE declined the alternative; its policy was not to sell the street lights.

In an attempt to increase revenue to match costs, the City conducted two separate mail ballot proceedings (as required under Proposition 218) to seek approval from the property owners to increase the parcel charge for the residential street lights. Neither mail ballot proceeding resulted in the required 50%+1 majority approval. The 2009 proceeding only received 32% support, while the 2010 proceeding only received 42% support.

Without an approved increase and fund balances depleted, continued provision of street light service required a significant subsidy from the City’s General Fund. In the current fiscal year, the City’s General Fund subsidy is projected at approximately \$850,000. As shown in the chart below, the subsidy is expected to increase significantly each year, topping \$2 million four years from now.



In October 2011, the City and six other cities actively participated in the GRC for SCE's 2012 Phase 2 application to set the rates for the street light tariff.¹ A settlement agreement to maintain the tariff at the June 2012 rates was approved by the CPUC in April 2013. During this time, SCE changed its policy and is now willing to sell its street lights.

Moreno Valley, along with five other cities, is actively voicing strong concerns over the impacts that would be caused by SCE's Phase 1 application for the 2015 GRC (Phase 1 establishes SCE's Revenue Requirement). Preliminary analysis of SCE's request shows that the City's street lighting costs will increase by approximately \$209,000 in 2015 and an additional \$629,000 in 2018. These cost increases are for the facilities charge of the tariff and exclude any possible energy charge increases.

In August 2012, SCE completed the initial \$10,000 valuation to determine the purchase price of the SCE street lights within the City (excluding those in the Edgemont Community Services District). Moreno Valley is in the queue awaiting SCE's action to update the 2012 valuation; we have been informed that that an updated purchase price will be available in March of 2015.

Staff has prepared initial analysis of potential service costs and net savings to be garnered if SCE-owned street lights were to be acquired by the City. A summary appears in the figure below.

Potential Savings			
Monthly Cost (per street light)	2014	2015	2018
LS-1 Utility owned & Maintained	\$8.81	\$10.31	\$17.42
LS-2 City owned and Maintained, unmetered	<u>\$2.47</u>	<u>\$2.88</u>	<u>\$4.87</u>
Monthly Savings (per street light)	\$6.34	\$7.43	\$12.55
Annual Savings (system wide)	\$872,409	\$1,022,398	\$1,726,930
*Assumes 2015 GRC is approved as submitted and increases are proportionately shared			
**Monthly street light cost for Facilities charge of tariff; excludes energy costs			

If the transaction is deemed feasible, savings could be used to finance acquisition costs of the street lights, provide fund operation & maintenance, fund reserves for liability and replacement costs, and decrease the current General Fund subsidy.

Staff will provide additional detail for the Council's discussion via the attached PowerPoint presentation.

ATTACHMENTS

Attachment 1: Edgemont CSD Boundary Map

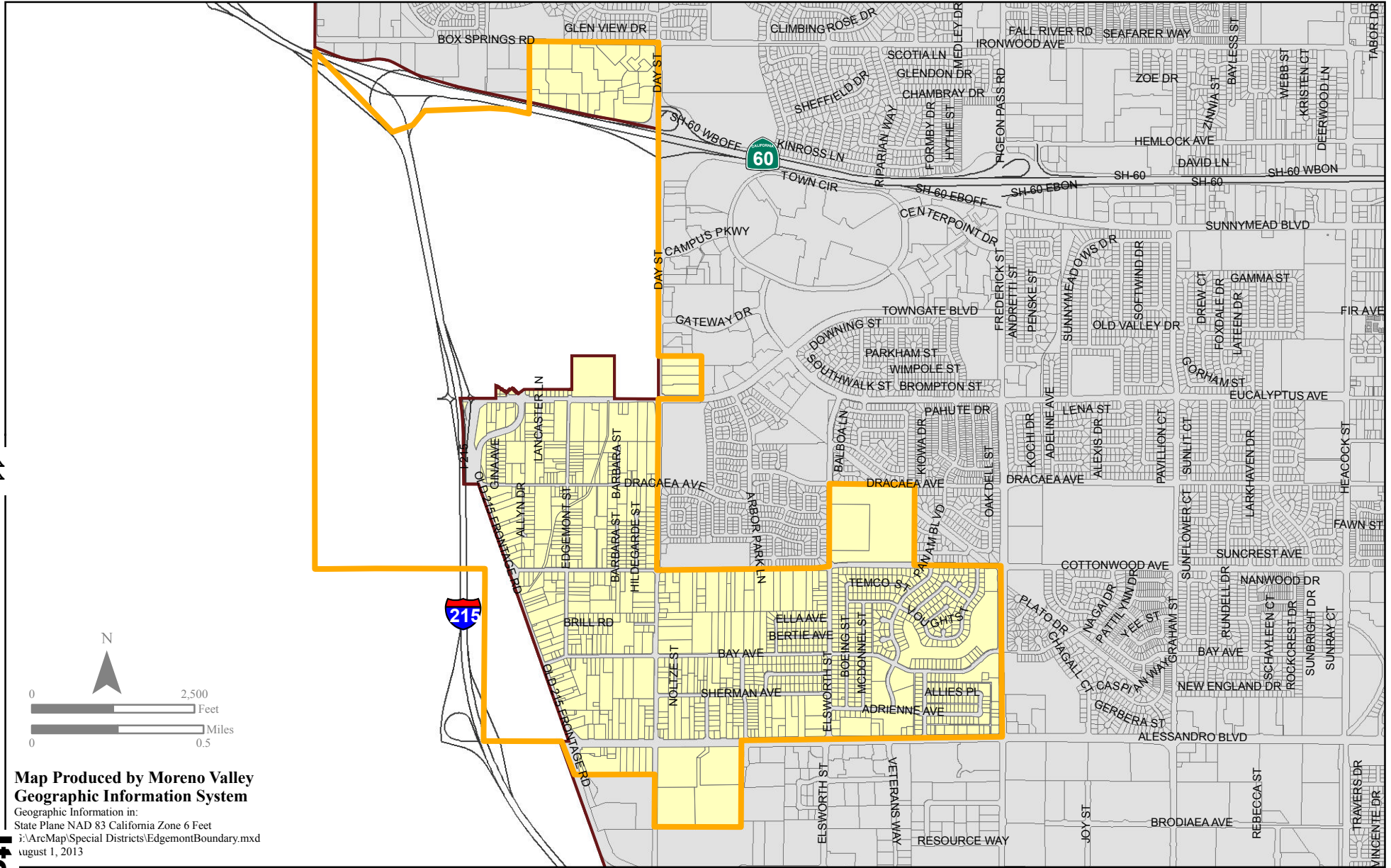
Attachment 2: PowerPoint Presentation

Prepared By:
Candace Cassel
Special Districts Division Manager

Department Head Approval:
Richard Teichert
Chief Financial Officer

ⁱ Phase 1 establishes the Revenue Requirement and had already been approved by the CPUC at the time the City became actively involved in the process.





CITY OF MORENO VALLEY EDGEMONT COMMUNITY SERVICES DISTRICT



Map Produced by Moreno Valley
Geographic Information System

Geographic Information in:
State Plane NAD 83 California Zone 6 Feet
I:\ArcMap\Special Districts\EdgemontBoundary.mxd
August 1, 2013

The information shown on this map was compiled from the Riverside County GIS and the City of Moreno Valley GIS. The land base and facility information on this map is for display purposes only and should not be relied upon without independent verification as to its accuracy. Riverside County and the City of Moreno Valley will not be held responsible for any claims, losses or damages resulting from the use of this map.

-  Edgemont Community Services District Boundary
-  Edgemont Community Services District Parcels
-  Parcels
-  Moreno Valley



Item No. 1

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An aerial night photograph of Moreno Valley, California, showing a dense grid of streetlights illuminating the city. The lights are primarily warm white and yellow, with some cooler blue and green lights visible in certain areas. The city is set against a dark, twilight sky, and the foreground shows dark, rocky terrain. The text "Moreno Valley Street Lighting Program" is overlaid in a large, white, serif font in the center of the image.

Moreno Valley Street Lighting Program

December 16, 2014

Street Light Inventory

■ 11,467 Street Lights

- 87% SCE Owned (approx. 9,994)
- 13% MVU Owned (approx. 1,473)
- Utility Owned

■ Ownership Determined at Time of Installation

- Utility Owned (LS-1 tariff)
 - Utility provides operations & maintenance, liability, replacements & energizes street light
- City Owned, unmetered (LS-2 tariff)
 - City provides operations & maintenance, liability, replacement costs
 - Utility energizes the street light

Street Light Tariff*

- LS-1 (Utility Owned and Maintained)
 - Monthly Charge per street light**

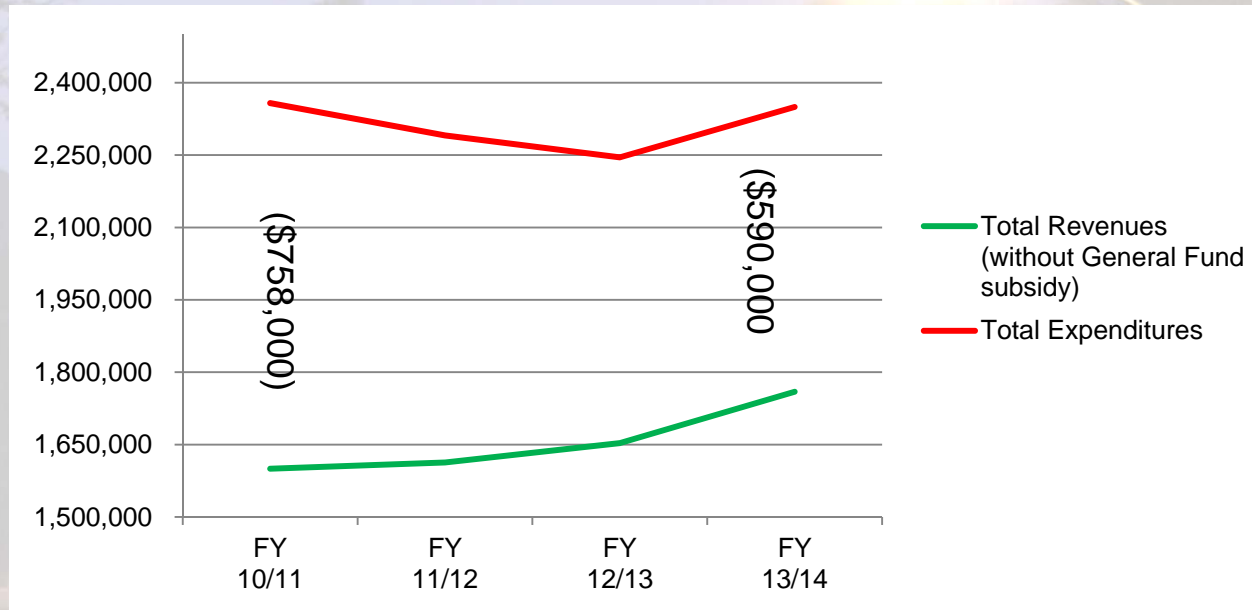
Facilities (Delivery)	\$ 8.81	76%
Energy (Generation)	\$ 2.83	24%
Total Monthly Cost	\$ 11.64	100%

- Up until 2006/07, parcel charges funded street lighting program
- 2006/07-2010/11 – fund balances were used
- 2010/11 – General Fund began subsidizing

*SCE rates in effect October 2014

**100W High Pressure Sodium Vapor (HPSV)

Revenue/Expenditures



*FY 10/11 includes costs for mail balloting

Efforts to Increase Revenue

- 2 Mail Ballot Proceedings (50%+1 required)
 - 32% supported 2009; 42% supported 2010
- General Fund*
- Establish maintenance Community Facilities District (CFD) for new street lights
 - March 25, 2014 – CFD formed for new residential streetlights
 - Mechanism for new development to pay full share of operating costs for new street lights installed as part of their development

*Fund balances used from 2006/07- 2010/11. General Fund subsidy started in 2010/11

Phase 2 of 2012 SCE's GRC

- General Rate Case (GRC) every 3 years
 - SCE submits request to change tariff to the Calif. Public Utilities Commission (CPUC)
- Party to Phase 2 – October 2011
 - Phase 1 – Revenue Requirement
 - (establishes how much revenue SCE can earn)
 - Phase 2 – Rate Setting
 - (establishes how the revenue requirement is spread across all rate classes)
 - Lead Agency for Coalition for Affordable Street Lights

Phase 2 of 2012 SCE's GRC (cont)

- Settlement Agreement (CPUC approved April 2013)
 - Froze facilities charge for 3 years (2012-2015)
- SCE changed policy – willing to sell street light facilities

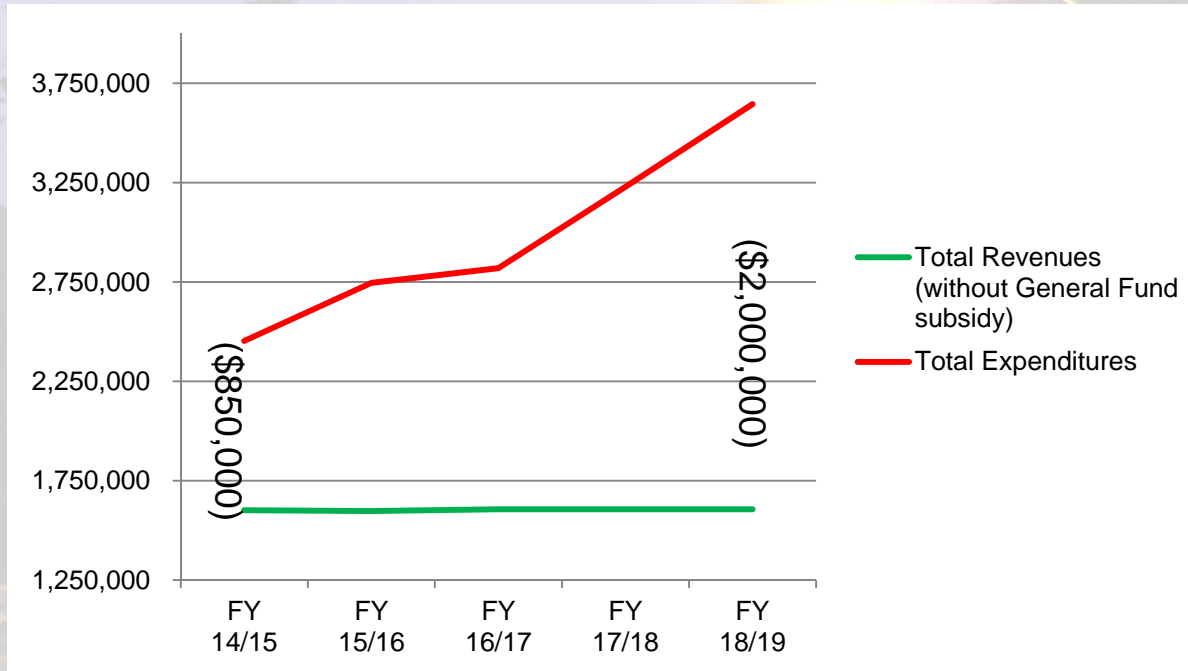
Phase 1 of 2015 GRC

- 5 cities participating (700 agencies within SCE territory)
- Preliminary Analysis
 - In 2015, facilities charge increases \$209,000 (17%)
 - In 2018, facilities charge increases additional \$629,000 (69%)
 - Excludes any increase in energy costs
 - Excludes changes in inventory counts
- 75% of increase for replacement of steel poles
 - Health & Safety

Phase 1 of 2015 GRC (cont)

- Cities' focus on accountability & transparency measures
- Phase 1 (revenue requirement) - CPUC decision anticipated
Spring of 2015
- Phase 2 (rate setting) - timing of CPUC decision unknown
(assumes new tariff rates implemented January 1, 2016)

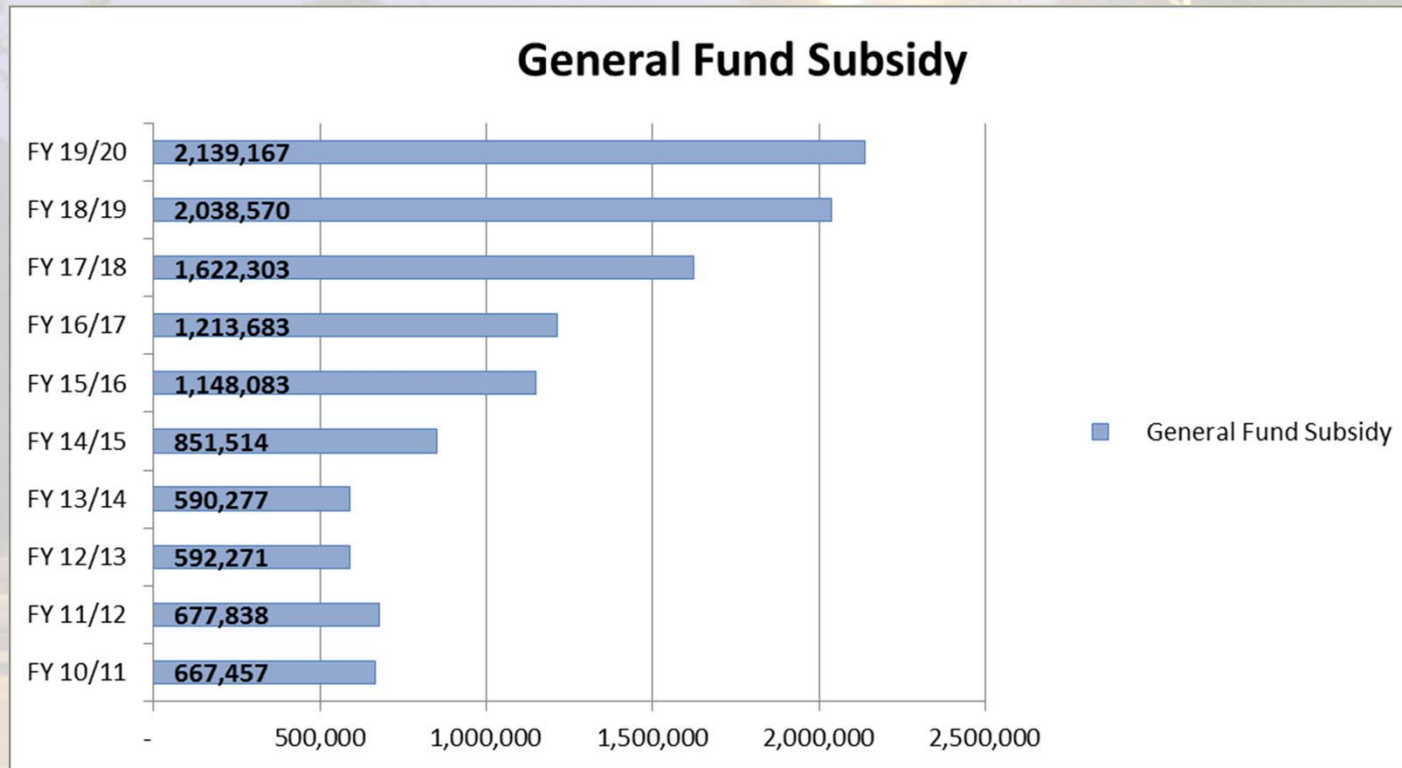
Projected Revenue/Expenditures



*2015 increase \$209,000/yr & 2018 increase \$629,000/yr

**Includes 1% growth in revenue for advanced energy fees and 1% increase for property tax

General Fund Subsidy



Options Considered to Reduce Expenditures*

- Remove Streetlight (\$1,100/street light)
- Turn Off Streetlight (\$44/street light; \$48 turn back on)
 - Facilities charge still applies (76% of tariff)
- Convert to LED (\$400/street light)
 - LS-1 LED tariff approx. 8% increase over current tariff
 - No savings to City for energy savings; Utility benefits
- Acquire Facilities – convert to LS-2 tariff
 - SCE not in the business of “selling” its assets (up until 2012)
- Modify SCE Tariff (General Rate Case)

* Partial list of options considered in 2009/10 – 2010/11

Purchase Street Light Option

- Acquire existing street lights from SCE
 - Convert from LS-1 to LS-2 tariff
 - LS-1 (utility owned and maintained)
 - LS-2 (City owned and maintained)

Potential Savings

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**Monthly street light cost for Facilities charge of tariff; excludes energy costs

■ Savings used to

- Finance acquisition
- Provide operation & maintenance
- Fund liability and replacement reserves
- Decrease General Fund subsidy

Process to Acquire

■ Valuation

- SCE determines non-negotiable sales price
 - Initial \$10,000 valuation completed August 2012
 - Update scheduled March/April 2015
- Purchase Agreement

■ Calif. Public Utilities Commission Approval (CPUC)

- Greater than \$5M – formal CPUC process
- Less than \$5M – Advice Letter

■ 2 Cities Actively Engaged in Acquisition

- Lancaster – formal CPUC process
- Huntington Beach – Advice Letter
- Several others – valuation process
- WRCOG (Western Riverside Council of Governments)– exploring program

Questions and Answers



APPROVALS	
BUDGET OFFICER	<i>me</i>
CITY ATTORNEY	<i>SMB</i>
CITY MANAGER	<i>D</i>

Report to City Council

TO: Mayor and City Council

FROM: John C. Terell, Community & Economic Development Director

AGENDA DATE: December 16, 2014

TITLE: FORECLOSURE REGISTRATION PROGRAM

RECOMMENDED ACTION

This report is provided in response to the City Council's direction to hold a Study Session to review the concepts associated with establishing a mandatory foreclosure registration program and provide guidance regarding the potential implementation of such a program in the City of Moreno Valley.

SUMMARY

In early 2013, the City Council discussed code compliance strategies and dealing with vacant foreclosed homes and squatters. One of the strategies identified during those discussions was instituting a foreclosure registration program. A registration program could provide ready access to contacts for vacant foreclosed homes for use by the Police Department and Code Compliance staff to address criminal and property maintenance issues. Such a program could be mandatory or voluntary, and could be administered by City staffing or by a contractor. Both types of programs and types of administration currently exist in southern California. Given the current high level of activity in the Code and Neighborhood Services Division, staff investigated possible contractors as a more cost effective way to provide this service and not impinge on other enforcement priorities.

On October 15, 2013, the City Council heard a presentation by Nationwide Cost Recovery Services (NCRS) on a mandatory program they administer for a number of cities in southern California. One local realtor spoke at that meeting and expressed concerns about the establishment of a foreclosure registration program. City Council gave direction to investigate the concept further and bring back a formal proposal for

consideration. Staff subsequently met with concerned realtors and NCRS representatives. A proposed foreclosure registration ordinance was subsequently drafted that included provisions intended to address concerns raised by realtors about the potential cost of the program to future sellers and buyers of properties subject to registration.

On October 28, 2014, the proposed ordinance was placed on the City Council agenda for review. At that meeting, the City Council deferred action pending a more detailed review of the issue at a study session.

DISCUSSION

Nationwide Cost Recovery Services (NCRS), based in Diamond Bar, provides contract foreclosure registration services to the cities of Baldwin Park, Carson, Eastvale, El Monte, Pico Rivera, South El Monte and West Covina. All of the programs are mandatory, with registration fees ranging from \$375 to \$575, with up to half of the fees being paid to the contractor and the balance retained by the city to cover program administration costs.

The programs are mandatory to ensure that the registration program captures information on all properties in some stage of the foreclosure process. Maximum participation also helps ensure that programs are full cost recovery and registration fees are kept as low as possible. In addition to identifying and contacting owners of vacant foreclosed properties, the NCRS program provides an initial site inspection, with any identified safety or maintenance code violations referred to Code Compliance for follow up and abatement. Any reported violations would be addressed according to existing Code Compliance procedures and priorities.

The principals of NCRS will attend the Study Session to present the program and address questions from the City Council.

FISCAL IMPACT

The program would be expected to cover both contract and administration costs.

CITY COUNCIL GOALS

Community Image, Neighborhood Pride and Cleanliness: Promote a sense of community pride and foster an excellent image about our City by developing and executing programs, which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

ATTACHMENTS/EXHIBITS

1. NCRS PowerPoint Presentation
2. October 28, 2014 Staff Report
3. Proposed Ordinance

Prepared By:
John C. Terell AICP
Community & Economic Development Director

Department Head Approval:
John C. Terell AICP
Community & Economic Development Director

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Nationwide Cost Recovery Services

Foreclosure Crisis Solution

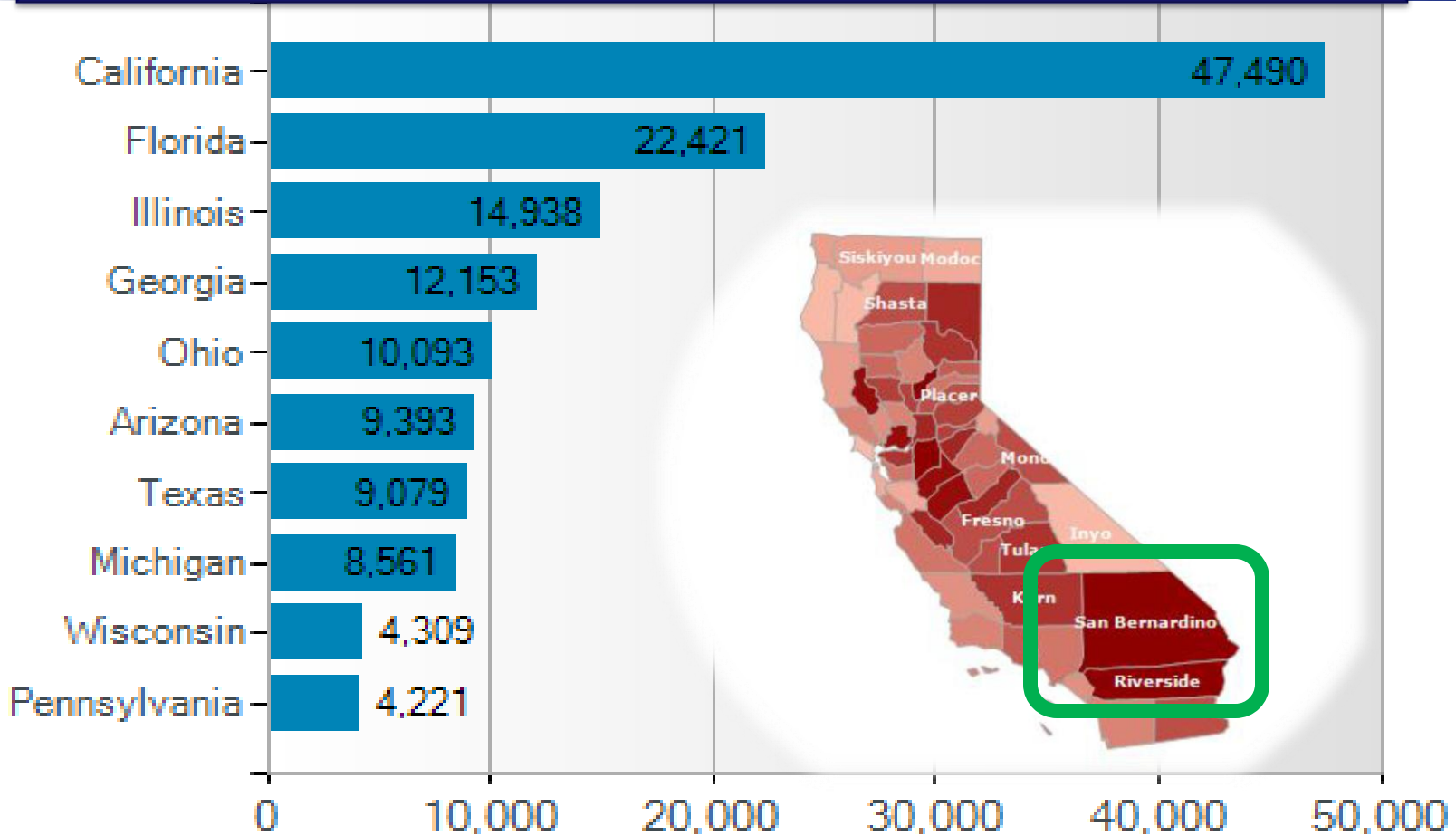
Nef Cortez

Eli Cortez

December 8th, 2014



CALIFORNIA HAS LED THE NATION IN FORECLOSURES



MORENO VALLEY NEGATIVE EQUITY MAP

92551

Search

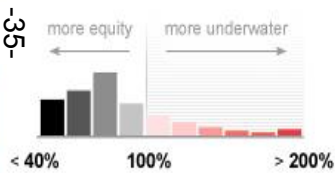
92551 in Moreno Valley

HOMES UNDERWATER

24% 9% of them delinquent

ZILLOW HOME VALUE INDEX

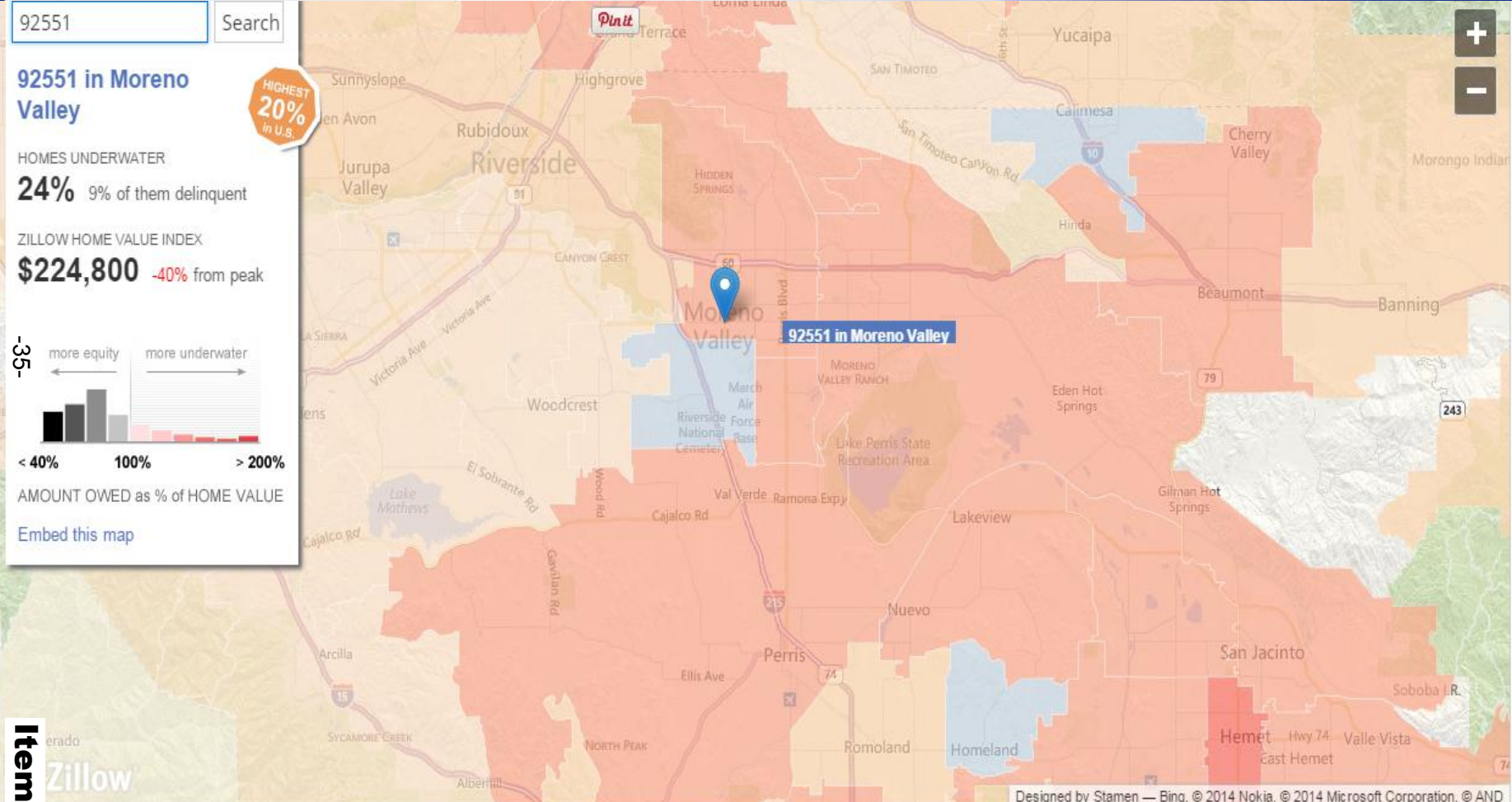
\$224,800 -40% from peak



AMOUNT OWED as % of HOME VALUE

Embed this map

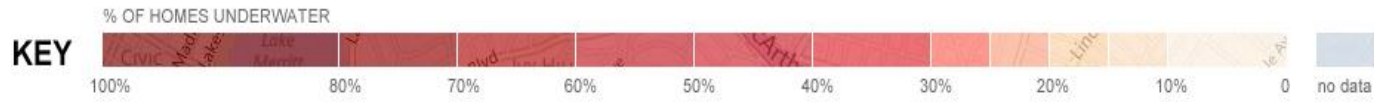
HIGHEST
20%
in U.S.



Item No. 2.

Zillow

Designed by Stamen — Bing, © 2014 Nokia, © 2014 Microsoft Corporation, © AND



THE CALIFORNIA FORECLOSURE PROCESS BECOMES MORE COMPLEX

NEW TREND IS NOW REO- SHORT SALES



TIMELINE FOR THE FORECLOSURE IS NOW EXTENDED TO ABOUT ONE YEAR!!!

- NORMAL FORECLOSURE PROCESS TIME HISTORICALLY HAS BEEN 4 MONTHS.
- NEW NORMAL EXTENDS TO 12 MONTHS.
- REQUIRES MORE ADMINISTRATION AND INSPECTIONS DUE TO THE INCREASED POSSIBILITY OF ABANDONMENT OR MISMANAGEMENT.

MAJOR FORECLOSURE REGISTRATION PROGRAM INITIATIVES

- **REGISTRATION COMPLIANCE ABOVE 85%**
 - **Streamlined case file noticing, follow up and tracking processes**
 - **Relationship management and escalation to banks at corporate levels**
 - **Developed proprietary wireless (iPad) foreclosure field technology**
- **IMPLEMENT COST RECOVERY SERVICES**
 - **Automated and improved official notice and orders to banks**
 - **Escalated communications with bank corporate representatives**
 - **Provide field curb-side inspections and physical property monitoring**
- **FORECLOSURE REO CERTIFIED MANAGEMENT SERVICES PROVIDED BY NATIONWIDE COST RECOVERY SERVICES**



CITY COST RECOVERIES

As of EOM 10/31/2014

CITY NAME	DATE OF FIRST REGISTRATION	NUMBER OF REGISTRATIONS	REGISTRATION FEE AMOUNT	TOTAL CITY REVENUE
El Monte	July 1 st , 2010	1,883	\$414.00	\$1,455,973.00
West Covina	February 25 th , 2013	758	\$375.00	\$378,394.00
South El Monte	February 25 th , 2013	71	\$575.00	\$55,652.00
Eastvale	April 26 th , 2013	422	\$547.00	\$326,228.00
Carson	May 2 nd , 2013	364	\$450.00	\$508,750.00
Pico Rivera	December 12 th , 2013	254	\$470.00	\$169,950.00
Baldwin Park	September 15 th , 2013	111	\$470.00	\$60,250.00

\$2.95 MILLION HAS BEEN RECOVERED FOR CITIES THAT UTILIZE NATIONWIDE COST RECOVERY SERVICES!

Recorded Foreclosure Filings Comparison

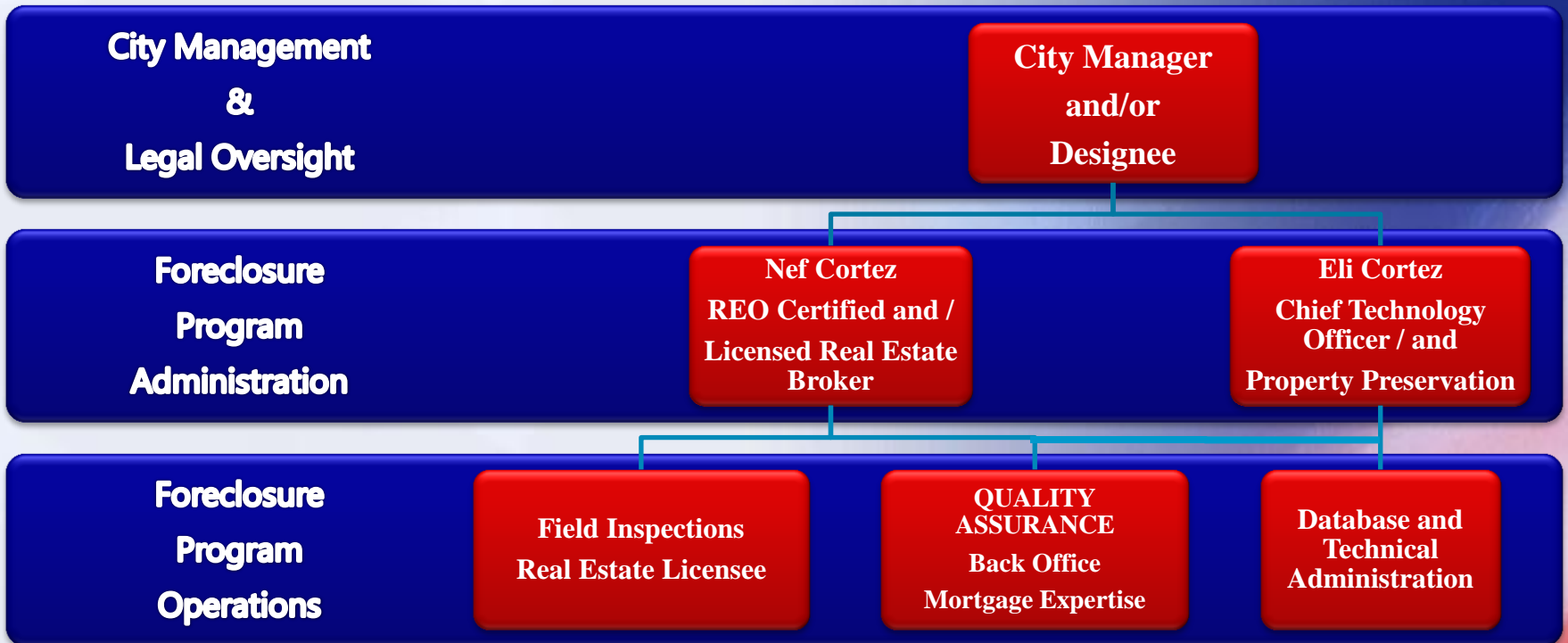
Notice of Defaults (NODs) Recorded Annually

City	NODs 2006	NODs 2007	NODs 2008	NODs 2009	NODs 2010	NODs 2011	NODs 2012	NODs 2013	NODs 2014	NODs Total
El Monte	146	312	564	766	491	395	282	137	75	3168
West Covina	334	592	971	1307	862	751	612	244	204	5877
South El Monte	15	38	60	95	57	52	45	17	27	406
Eastvale	218	765	1395	1603	853	696	585	235	165	6515
Carson	386	669	1066	1355	865	811	606	322	235	6315
Pico Rivera	176	344	587	812	513	406	318	146	122	3424
Moreno Valley	1159	4099	6239	5507	3046	2440	1924	815	605	31284

Please compare your City's numbers with other City Client Cost Recovery on previous page

FORECLOSURE PROGRAM ADMINISTRATION

Organizational Structure and Services



NCRS FORECLOSURE SERVICES

FORECLOSURE DATA, RESEARCH & TRACKING

BUILD

DATABASE
&
NOTICES

REGISTRATION, INSPECTIONS,

INVOICING,
RECEIPTING

NOTICES
&
ORDERS

INSPECTIONS,

MONITORING,
REFER TO CODE

REAL ESTATE DATA MONITORING AND DATA VALIDATION

COST ANALYSIS OF MANAGED SOLUTION

➤ ***OUR MANAGED SOLUTION:***

- ✓ ***\$0.00 cost to the City*** General Fund or its Residents for services provided by NCRS for a successful implementation of this program.
- ✓ ***\$0.00 cost to the City*** General Fund for field services and inspections, Database and field technology management, REO program management, negotiations and collections provided by NCRS.
- ✓ ***\$0.00 cost to the City*** General Fund for ongoing maintenance and follow-up of this Foreclosure program by NCRS.
- ✓ ***\$0.00 cost to the City*** General Fund to utilize technology for management and oversight by NCRS.
- ✓ ***\$0.00 cost to the City*** to ramp down when the foreclosure challenge goes away and transition occurs from NCRS.

FORECLOSURE PROGRAM DIRECT BENEFITS TO THE COMMUNITY

- Minimize Blight caused by Properties in Foreclosure by holding Banks accountable to maintain their properties.
- Residents (Owners and Tenants) may be referred to free County, State, and Federal legal services for one-on-one legal foreclosure assistance and guidance.
- Assure zero net cost to General Fund by contracting specialist to implement and administrate the program meaning *\$0.00 monetary risk to the city.*
- Generate Revenue from Bank Registration to pay for 100% cost of the program



REO LICENSED AND CERTIFIED NCRS FORECLOSURE SERVICES

- **SPECIALIZED FORECLOSURE EXPERTISE.**
- **BANK COST RECOVERY EXPERTISE.**
- **DIRECT ACCESS TO BANKS AT CORPORATE LEVEL FOR ESCALATION OF COMPLIANCE.**
- **ABSORB CHALLENGE OF STAFFING UP AND STAFFING DOWN TO CHANGING PROCESS.**



CERTIFIED REO FORECLOSURE EXPERTISE AND DATABASE RESEARCH ARE KEY TO SUCCESSFULLY MANAGING THE BANKS COMPLIANCE

Quality oversight, continuous monitoring, and progressive NOTICES and ORDERS ensure compliance on foreclosure properties. This will dramatically improve prevention of blight and help sustain property values in

-45-
Your City.

- Bank executives will be engaged to streamline their own registration processes and negotiate cost recovery in favor of the City.
- Banks will be noticed and ordered to comply and accelerate property preservation to city standards.

Item No. 2. ➤ The Foreclosure Program, Code Enforcement, and Building and Safety will join forces to make banks comply with the City Ordinance.



ECONOMIES OF SCALE AND EXPERTISE

- **Our high level contacts at all banks increases compliance. We have a contact Database fore escalation of communications and related compliance matters. We have built these Relationships with the banks and updated them over years cannot be replaced without investing the knowledge, time, energy, and experience.**
- **Efficiencies achievable only through the use of our proprietary technology and field experience can be utilized from day one by our personnel vs single management by city to cover foreclosure issues 24x7**
- **We augment your team to prevent blight in your City.**

WHY NATIONWIDE COST RECOVERY SERVICES?

We Have the Proven and Specific REO Expertise as Required

➤ **NEFTALI CORTEZ:** LICENSED SINCE 1976. REAL ESTATE BROKER FOR 28 YEARS, BANK OWNED AND DISTRESSED PROPERTY SPECIALTY FOR 16 YEARS.

47- ➤ **CERTIFIED REO EXPERT**

➤ **CERTIFIED DISTRESSED PROPERTY EXPERT**

➤ **PREFERRED REO BROKER BANK OF AMERICA**



SPECIFIC TECHNOLOGY PROPERTY PRESERVATION EXPERTISE

➤ **ELI CORTEZ** HAS 30 YEARS EXPERIENCE IN THE TECHNOLOGY FIELD AND HAS WORKED TO DEVELOP OUR SOLE AND PROPRIETARY TECHNOLOGY SOLUTION TO AUTOMATE THIS MUNICIPAL FORECLOSURE MANAGEMENT PROCESS.

-48-

➤ SERVED AS I.T. DIRECTOR FOR LAUSD (1992-1997)

➤ SERVED AS CHIEF INFORMATION OFFICER IN THE COUNTY OF SAN BERNARDINO (1997-1999)

➤ SERVED AS CHIEF INFORMATION OFFICER FOR THE STATE OF CALIFORNIA (1999-2003)



Thank You!!!



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Item No. 2.

Jef Cortez
(909) 762-8135
jef.ncrs@gmail.com

Eli Cortez
(909) 800-8918
Eli.ncrs@gmail.com

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APPROVALS	
BUDGET OFFICER	<i>me</i>
CITY ATTORNEY	<i>SMB</i>
CITY MANAGER	<i>d</i>

Report to City Council

TO: Mayor and City Council

FROM: John C. Terell, Community & Economic Development Director

AGENDA DATE: October 28, 2014

TITLE: INTRODUCE ORDINANCE 887. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ADDING CHAPTER 6.14 TO TITLE 6 OF THE CITY OF MORENO VALLEY MUNICIPAL CODE ESTABLISHING THE REGISTRATION OF RESIDENTIAL PROPERTY IN FORECLOSURE PROGRAM

RECOMMENDED ACTION

Recommendations: That the City Council:

1. Introduce Ordinance No. 887. An Ordinance of the City Council of the City of Moreno Valley, California, Adding Chapter 6.14 to Title 6 of the City of Moreno Valley Municipal Code establishing the Registration of Residential Property in Foreclosure Program.

SUMMARY

This report recommends adoption of an Ordinance to monitor and regulate properties entering into foreclosure in the City of Moreno Valley. The proposed Ordinance would require lenders to take a more active role in the maintenance and management of properties that are going through the foreclosure process.

DISCUSSION

This agenda item is the introduction and first reading of the Ordinance adding Chapter 6.14 to Title 6 of the Municipal Code. This is a new Chapter in the Municipal Code and

will require lenders to take an active role in the maintenance and management of properties that are going through the foreclosure process.

Prior Council Action

At a Study Session on October 15, 2013, staff along with the principals of Nationwide Cost Recovery Services (NCRS) presented the Foreclosure Registration Program to Council for discussion purposes. The information presented was well received and prompted questions for clarification purposes, which were answered by staff and NCRS. No action was taken by council.

Background

Since the economic downturn of 2008 and the subsequent housing market crash, many communities throughout the State have experienced an increasing number of abandoned properties due to foreclosure by financial institutions. These properties can then become neglected, unkempt, and blighted, which tarnishes the community. In an effort to reverse this trend, many local jurisdictions have enacted ordinances requiring financial institutions to register foreclosed properties with the code compliance department.

Foreclosed properties tend to lack proper maintenance and sometimes involve vandalism. When the property becomes vacant it becomes subject to squatters, dumping, theft and damage. While the number of foreclosures has fallen dramatically in Moreno Valley and surrounding communities, the issue is still significant. Recent foreclosure filings indicate 391 properties in the last four months within the City of Moreno Valley. Fifty-four homes are bank owned and 176 homes are in pre-foreclosure status, while a total of 1,068 homes are in some stage of the foreclosure process. The foreclosure process is long and typically takes over a year to complete. This time-frame does not include the time prior to the Notice of Default, which marks the beginning of the legal foreclosure process.

Proposed Ordinance

The proposed Ordinance would require lenders to take a more active role in the maintenance and management of properties that are going through the foreclosure process. This will allow the City to monitor and advise lenders regarding abandoned and poorly maintained properties.

The Ordinance presented is based on a review of established programs found in various cities within Riverside and Los Angeles counties. Some registration programs have been in existence since 2008 with most coming online in 2013. Staff has conducted an evaluation of these programs and the results indicate a proven track record.

Due to the lengthy time a property may be in the foreclosure process, it is beneficial to establish the registration of these properties at the time of default. This allows the tracking of the property through the entire process. The foreclosure registration

program would require the lenders to register the property in default and pay an associated fee to recover the City's costs.

This Ordinance will require the following from the property lender or beneficiary:

1. Conduct an inspection of the property prior to issuing a Notice of Default.
2. Within fifteen (15) days of issuing a Notice of Default, the property must be registered with the City.
3. Pay the City's registration fee.
4. Provide City with their property management company 24 hour contact information.
5. Management company must provide monthly inspection reports if the property is vacant.
6. If foreclosed property is vacant and is not for sale or rent, the property shall be posted with name and address of the beneficiary and shall include a twenty-four hour contact phone number of the local property management company.
7. Maintenance of the property must be in compliance with the maintenance standards in the Ordinance and with existing standards in the Moreno Valley Municipal Code. The property exterior must be maintained in good condition.

Fees and Fines

The Ordinance will define specific fees and administrative penalties to cover the operating costs for the program. The annual registration fee will be established by Resolution and any fines or penalties will be in accordance with Title 1, Chapter 1.10 of the Moreno Valley Municipal Code.

The annual registration fee will be determined by a time and material analysis and will be within a range of \$375 and \$575 (comparable with rates in other cities). *None of the fees, costs or fines shall be passed on to a trustor, subsequent purchaser or transferee.*

Subsequent to the approval of the Ordinance, staff will conduct a fee analysis and propose an amendment to the City's Fee Resolution to establish the registration fee.

Administration of Ordinance

The Ordinance will be implemented through a qualified consultant. This will allow the Code Compliance Division to expand its reach out to the City's neighborhoods without impacting current staffing levels thereby improving customer care delivery. Subsequent to the passing of the Ordinance, the City will establish an outsourcing agreement for the administration of the program.

ALTERNATIVES

1. Approve and adopt the proposed Ordinance. This alternative is recommended by staff. Approval will establish a program to register foreclosure property and reduce the amount of blight and improve residential property values in the city of Moreno Valley.
2. Do not approve and adopt the proposed Ordinance thus reducing the City's ability to control neglected and vandalized property thereby, depressing property values and degrading neighborhoods.

FISCAL IMPACT

The proposed program will be revenue neutral to the general fund due to the required collection of registration fees.

CITY COUNCIL GOALS

Community Image, Neighborhood Pride and Cleanliness: Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

Positive Environment: Create a positive environment for the development of Moreno Valley's future.

Public Safety: Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work and visit the City of Moreno Valley.

NOTIFICATION

Posting of the agenda.

ATTACHMENTS

1. Proposed Ordinance

Prepared By:
Allen D. Brock
Building and Neighborhood Services Division Manager

Department Head Approval:
John C. Terell AICP
Community & Economic Development Director

ORDINANCE NO. 887

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ADDING CHAPTER 6.14 TO TITLE 6 OF THE MUNICIPAL CODE ESTABLISHING THE REGISTRATION OF RESIDENTIAL PROPERTY IN FORECLOSURE

WHEREAS, the presence of real properties in foreclosure can lead to neighborhood decline by creating a public nuisance which could contribute to lower property values and could discourage potential buyers from purchasing a property adjacent to or in neighborhoods with properties in foreclosure; and

WHEREAS, many properties in foreclosure are the responsibility of out of area or out of state beneficiaries and trustees, and in many instances the beneficiaries and/or trustees fail to adequately maintain and secure these properties in foreclosure; and

WHEREAS, establishing a registration program for properties in foreclosure will assist City staff in developing and maintaining a database to contact the responsible parties and to enforce maintenance and safety provisions of the Municipal Code; and

WHEREAS, the City Council desires to preserve the health, safety, and welfare of residents and the community, and to the extent possible, protect neighborhoods from declining property values, aesthetic decay, and/or loss of character.

The City Council of the City of Moreno Valley does ordain as follows:

SECTION 4.

Moreno Valley Municipal Code, Chapter 6.14, "Registration of Residential Property in Foreclosure," is added to read as follows:

Chapter 6.14 REGISTRATION OF RESIDENTIAL PROPERTY IN FORECLOSURE

6.14.010 Purpose.

The purpose of this Chapter is to establish a Property registration program as a mechanism to protect neighborhoods from becoming blighted through lack of adequate maintenance and security of properties due to foreclosure.

6.14.020 Definitions.

The following definitions shall govern all terms of this Chapter and shall supersede any term otherwise defined in this Chapter:

“*Abandoned*” means a Property that is vacant and under a current Notice of Default or that has been the subject of a foreclosure sale where the title was retained by the Beneficiary of a Deed of Trust involved in the foreclosure or that was transferred under a Deed in Lieu of Foreclosure and/or Sale.

“*Beneficiary*” means a lender under a note secured by a Deed of Trust.

“*City*” means the City of Moreno Valley, Community Services District (CSD), Housing Authority of Moreno Valley and each of their officers, officials, employees, agents and assigns.

“*Deed in Lieu of Foreclosure and/or Sale*” means a recorded document that transfers ownership of a Property from the trustor upon consent of the Beneficiary of the Deed of Trust.

“*Deed of Trust*” means an instrument by which real estate is transferred to a third party trustee as security for a real estate loan. This definition applies to all deeds of trust regardless of priority.

“*Default*” means the failure to fulfill a contractual obligation, monetary or non-monetary.

“*Foreclosure*” means the process by which a Property, placed as security for a real estate loan, is sold at auction to satisfy the debt if the Trustor (borrower) defaults.

“*Local*” means within 50-road/driving miles distance of the subject Property.

“*Notice of Default*” means a recorded notice that a Default has occurred under a Deed of Trust and that the Beneficiary intends to proceed with a Trustee’s sale or other similar remedies authorized by law.

“*Out of Area*” means in excess of 50-road/driving miles distance of the subject Property.

“*Property*” means any unimproved or improved residential real property, or portion thereof, situated in the City of Moreno Valley and includes the buildings or structures located on the property regardless of condition.

“*Property in Foreclosure*” means any Property upon which a Notice of Default has been issued by a lender, mortgagee, or Beneficiary of any Deed of Trust, or vacant or abandoned real Property that has been the subject of a foreclosure sale where the title was transferred to the Beneficiary of a Deed of Trust involved in the Foreclosure and any properties transferred under a Deed in Lieu of Foreclosure and/or Sale.

“Trustee” means the person, firm, or corporation holding a Deed of Trust on a Property.

“Trustor” means a borrower under a Deed of Trust, who deeds Property to a Trustee as security for payment of a debt.

“Vacant” means a Property that is not lawfully occupied.

6.14.030 Registration of Properties.

- A. Any Beneficiary or Trustee, who holds, or has an interest in, a Deed of Trust on a Property in Foreclosure, located within the City, shall register the Property in Foreclosure with the Community and Economic Development Department of the City. If the Beneficiary or Trustee issues a Notice of Default after the Effective Date of this Ordinance, they shall register such Property in Foreclosure with the City within fifteen (15) calendar days of the issuance of such Notice of Default. If the Beneficiary or Trustee issues a Notice of Default prior to the Effective Date of this Ordinance, and such Notice of Default has not been rescinded, the Beneficiary or Trustee shall register the Property in Foreclosure with the City within thirty (30) calendar days of the Effective Date of this Ordinance.

The registration requirement described in this section shall also apply to Vacant or Abandoned Property that has been the subject of a Foreclosure sale where the title was transferred to the Beneficiary of a Deed of Trust involved in the Foreclosure and any properties transferred under a Deed in Lieu of Foreclosure and/or Sale.

- B. The registration requirements of this section shall be satisfied by providing the City the following information:
1. The address and Assessor Parcel Number (APN) of the Property in Foreclosure;
 2. The name of the primary Beneficiary and/or Trustee (corporation or individual) responsible for the registration;
 3. The name(s) of all other Beneficiaries and/or Trustees (corporations or individuals) who held a security interest at the time when the Notice of Default was recorded;
 4. The direct street and/or office mailing address of the Beneficiaries and Trustees (P.O. boxes are insufficient);
 5. A direct contact name and phone number for person(s) or agent(s) acting on behalf of the primary Beneficiary and/or Trustee;

6. In the case of a corporation or Out of Area Beneficiary and/or Trustee, a direct contact staff member name and phone number with a Local property management company responsible for the security, maintenance and marketing of the Property in Foreclosure; such staff member must be empowered to (i) comply with code compliance orders issued by the City, (ii) provide a trespass authorization upon request of the local law enforcement authorities if the Property is unlawfully occupied, (iii) conduct weekly inspections of the Property, and (iv) accept rental payments from tenants of the Property if no management company is otherwise employed for such person; and
 7. Other information as deemed necessary by the Community and Economic Development Department.
- C. Any person, firm, or corporation that has registered a Property under this Chapter must report any change of information contained in the registration with the Community and Economic Development Department within ten (10) calendar days of the change. If the Community and Economic Development Department determines that the Beneficiary and/or Trustee has failed to comply with the registry requirements of this Chapter, the Community and Economic Development Department shall mail notice to the Beneficiary and/or Trustee at the last known address as provided in Section 6.14.030 of the failure to comply with this Chapter. If the Beneficiary and/or Trustee fail to comply with this Chapter within thirty (30) calendar days of Community and Economic Development Department notification, the Beneficiary and/or Trustee shall pay a penalty or penalties as prescribed in Section 6.14.100.
- D. Properties subject to this Chapter shall remain subject to the annual registration requirement and the security and maintenance standards of this code as long as they remain Properties in Foreclosure.

6.14.040 Registration Fee.

A Foreclosed Properties Registration Fee, as prescribed in Section 6.14.080 shall be paid to City at the time of registration.

6.14.050 Maintenance and Security of Properties in Foreclosure.

- A. Properties subject to this Chapter shall be maintained up to City's maintenance standards in compliance with Chapter 6.04.040 of this Code and secured in a manner so as not to be accessible to unauthorized persons.
- B. If the Property is owned by a corporation or an Out of Area Beneficiary/Trustee/Owner, a Local property management company that holds a valid and current City Business License shall be contracted to

perform weekly inspections to verify that the Property is in full compliance with the requirements of this Chapter, and any other applicable laws. If the property management company determines the Property is not in compliance, it shall promptly notify the Beneficiary/Trustee/Owner and seek authorization to correct the substandard conditions.

- C. In addition to specific maintenance standards found in Section 6.04.040 (Declaration of nuisances) of this Code, Properties in Foreclosure shall be maintained in the following manner: watering and mowing of lawn; trimming of trees, hedges and shrubbery; removing and discarding weeds and other dry or dead vegetation, removing and discarding trash, debris, building materials, appliances, and all other items (personal belongings, vehicles, etc.) on the exterior of the building; repairing aesthetic features of the structure to be compatible to the surrounding structures within the block.
- D. Properties in Foreclosure shall be secured such that all windows, doors (walkthrough, sliding, and garage), gates and any other opening that may allow access to the interior of the Property and/or structure(s) are intact, closed and locked. In the case of broken windows, "secured" means re-glazing or boarding-up the window.
- E. If a pool, spa, pond, fountain or other architectural feature capable of holding water exists on the Property, it must be completely emptied of all water and kept dry at all times. Furthermore, any such feature must be inspected and drained periodically so as not to accumulate rainwater.
- F. The Property shall be posted with the name and twenty-four (24) hour contact phone number of the Local contact or property management company. The posting shall be 8½" x 11" or larger in size, shall be of a font that is legible from a distance of twenty (20) feet, and shall contain the following verbiage: "THIS PROPERTY IS MANAGED BY _____ TO REPORT PROBLEMS OR CONCERNS CALL (name and phone number)." The posting shall be placed on the interior side of a window facing the street to the front of the Property so it is visible from the street, or secured to the exterior of the building/structure facing the street on the front of the Property so it is visible from the street. If no such area exists, the posting shall be on a stake of sufficient size to support the posting, in a location that is visible from the street to the front of the Property, and to the extent possible, not readily accessible to potential vandalism. Exterior posting must be constructed of, and printed with weather resistant materials.

6.14.060 Declaration of Nuisance.

The duties/obligations specified in this Chapter shall be joint and several among and between all Trustees and Beneficiaries and their respective agents. . Should a property be deemed a public nuisance, hazardous, or substandard by the City,

the City may initiate the abatement procedures described in Section 6.04.050 (Abatement) against the Property Owner, Tenant, Beneficiary and/or Trustee.

6.14.070 Fees.

- A. A Foreclosed Properties Registration Fee will be required for properties subject to this Chapter. The fee shall reimburse the City for staff time incurred and resources expended in its administration of this Chapter.
- B. The Foreclosed Properties Registration Fee shall be set forth by Resolution as approved by the City Council.
- C. Additional hourly inspection fees as set forth in the City's Fees Schedule may be levied on a Property for staff time to inspect and enforce the provisions of the Chapter when a complaint has been filed on a Property subject to this Chapter.

6.14.080 Authority and Enforcement.

The Community and Economic Development Department shall manage the implementation, coordination, documentation, administration and enforcement of this Chapter.

6.14.090 Penalties.

- A. Violation of any provision of this Chapter may be enforced by a civil action, including an action for injunctive relief. In any civil enforcement action, administrative or judicial, the prevailing party shall be entitled to recover its attorneys' fees and costs.
- B. A violation of this Chapter may be punished as set forth in Title 1 of the City's Municipal Code.
- C. The procedures established in this Chapter shall supplement and be in addition to any criminal, civil or other remedy established by law or under the provisions of this code to address violations of this Chapter or violations of any other City of Moreno Valley ordinance.

6.14.100 Prohibition Against Passing on Costs, Fees, and Fines to a Trustor, Subsequent Purchaser, Transferee, or any Third Party

It shall be unlawful for any Trustee, Beneficiary or agent of a Beneficiary, or other third party to pass on any costs, fees, or fines imposed under any provisions of this Chapter to any trustor, subsequent bona fide purchaser or transferee of a property, either as a condition of sale or transfer, or included as a cost or fee in escrow without first fully disclosing the nature of and amount of the cost, fee or fine imposed under this Chapter to the other party.

6.14.110 Applicability of Other Laws.

Nothing in this code shall relieve any Beneficiary or Trustee of the duty to comply with any and all other applicable statutes, regulations, ordinances, codes, and laws regulating property maintenance, zoning, or building construction. Compliance with this code shall not relieve any Beneficiary or Trustee of any legal duties under such laws.

SECTION 2.

Except as specifically provided herein, nothing contained in this ordinance shall be deemed to modify or supersede any prior enactment of the City Council which addresses the same subject addressed herein.

SECTION 3.

Within fifteen days after the date of adoption hereof, the City Clerk shall certify to the adoption of this ordinance and cause it to be posted in three public places within the city.

SECTION 4.

This ordinance shall take effect thirty days after the date of its adoption.

APPROVED AND ADOPTED this day of

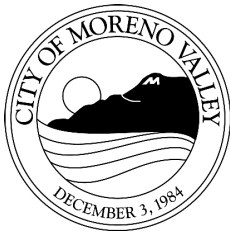
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney



APPROVALS	
BUDGET OFFICER	<i>me</i>
CITY ATTORNEY	<i>SMB</i>
CITY MANAGER	<i>d</i>

Report to City Council

TO: Mayor and City Council

FROM: Michelle Dawson, City Manager
Richard Teichert, Chief Financial Officer

AGENDA DATE: December 16, 2014

TITLE: FISCAL YEAR 2013/14 YEAR-END BUDGET REVIEW AND
FISCAL YEAR 2014/15 FIRST QUARTER BUDGET REVIEW

RECOMMENDED ACTION

Recommendations: That the City Council:

1. Receive and file the Fiscal Year 2013/14 year-end budget review.
2. Receive and file the Fiscal Year 2014/15 first quarter budget review.

DISCUSSION

On June 11, 2013, the City Council adopted the Two-Year Operating Budget for Fiscal Years (FY) 2013/14 – 2014/15. The budget included all component units of the City, including the General Fund, Community Services District and Successor Agency. During the course of the current two-year budget period, the City Council will be apprised of the City's financial condition through the process of First Quarter and Mid-Year Budget Reviews. These reports are typically provided to the City Council in December and March, respectively. This ongoing process provides a forum to review expenditure and revenue deviations from the estimates made in the budget document.

The attached Financial Summaries for FY 2013/14 Year-End and FY 2014/15 First Quarter focus on the City's General Fund. The reports also present operational results for the Community Services District (CSD) and the Moreno Valley Utility (MVU).

The following are the key findings noted in the Financial Summaries.

Fiscal Year 2013/14 Year-End:

- The first year of the two-year General Fund budget not only balanced but resulted in a positive change in fund balance in excess of \$6 million.
- General Fund revenues of \$82,042,808 exceeded the budget by 4% (\$3,095,038)
 - The City received \$1 million more in property tax than budgeted. This is primarily attributed to the reassessments of property assessment appeals by the County and the redistribution of redevelopment property taxes.
 - Sales tax was projected to grow significantly due to the recovering economy, and we budgeted an almost 11% increase over the previous FY. Sales tax collected was \$317,000 higher than budgeted.
 - Transient Occupancy (hotel) Tax and Business Taxes exceeded budgets by approximately 20% (\$528,000) largely due to the recovering economy and new businesses.
 - Revenues from licenses and permits were \$400,000 higher than budgeted. The growth was primarily due to an increase in building permits.
 - Development activity also positively impacted the Charges for Services revenues as the City realized a \$671,300 increase over budget.
 - Lower than anticipated natural gas prices and competitive forces within the communications market resulted in a \$518,000 negative variance in budgeted utility tax revenues.
- General Fund expenditures of \$75,732,346 were 4% (\$3,048,213) lower than budgeted.
 - Police and Fire Services came in under budget by \$2.4 million.
 - City staff continues to operate very efficiently and respectful of the ongoing need for fiscal responsibility. The majority of departments achieved savings for the FY.
- Total fund balance at year end for the General Fund increased from \$34.4 million in FY 12/13 to \$40.5 million in FY 13/14. This represents an 18% increase.

Fiscal Year 2014/15 First Quarter:

- After one quarter (25%) of the FY, the City had collected 9.4% of budgeted revenues and spent 23.6% of budgeted expenditures.
 - Major revenues such as property tax do not occur in the first quarter.
 - Both revenues and expenditures are in line with projections.
- There are no significant variances to report.

ALTERNATIVES

1. Receive and file the Fiscal Year 2013/14 year-end budget review and Fiscal Year 2014/15 first quarter budget review.

FISCAL IMPACT

There is no fiscal impact. The budget review reports are provided for informational purposes only.

CITY COUNCIL GOALS

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

NOTIFICATION

Publication of the agenda.

ATTACHMENTS

- Attachment 1: FY 2013/14 Year-End Budget Review
- Attachment 2: FY 2014/15 First Quarter Budget review
- Attachment 3: PowerPoint Presentation

Prepared By:
Marshall Eyerman
Financial Resources Division Manager

Department Head Approval:
Richard Teichert
Chief Financial Officer

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City of Moreno Valley Fiscal Year 2013/14 Year-End Financial Summary

TO: Mayor and City Council

FROM: Richard Teichert, Chief Financial Officer

DATE: December 16, 2014

INTRODUCTION

The City Council approved a Two-Year Operating Budget on June 11, 2013 for the Fiscal Years (FY) 2013/14 and 2014/15. The Operating Budget was amended through the fiscal year through separate Council actions. The budget included all component units of the City, including the General Fund, Community Services District and Successor Agency.

The prior two-year budget for FY 2011/12 and 2012/13 was based on the concept of implementing a previously approved three-year Deficit Elimination Plan (DEP). The DEP envisioned a strategic process of expenditure reductions that would occur in a phased manner as revenue sources stabilized. The goal was to create a stabilized budget by FY 2013/14. As adopted in May, 2011, the DEP focused on elimination of a \$14.2 million deficit that existed in the City's General Fund. Although successful in significantly reducing the deficit and slowing its growth, the goal of deficit elimination had not been fully realized through implementation of the DEP.

In charting a new fiscal course for the City, the City Council directed that the budget be fully balanced in FY 2013/14. This goal was achieved in the adopted budget but with significant consequences. By far, the majority of the reductions were in public safety services. This was necessary as Police and Fire represented approximately 72% of the General Fund. With an approx. 50% reduction to non-public safety personnel and operational budgets as part of the DEP implementation, there were few options to attain the amount of reductions required without making large cuts in public safety. In the case of Police there was a reduction of 27 sworn personnel in FY 2013/14. This reduced the number of sworn personnel from 181 to 154. The impacts resulted in reductions to the special team forces that address issues such as traffic, gangs, narcotics and specialized detective activities. In the case of Fire, the major impact was the defunding of Truck 91 during FY 2013/14. This resulted in the reduction of 8 fire personnel.

This report provides a review of the unaudited financial results for the recently completed FY 2013/14 Year-End (July 2013 – June 2014, 100% of the fiscal year).

CITYWIDE OPERATING EXPENDITURE SUMMARY

The following table contains a summary of the amended budget and the year-end expenditures. The totals represent each major fund type and component unit of the City.

Table 1. Citywide Operating Expenditures

Fund/Component Unit	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
General Fund	\$ 78,780,559	\$ 75,732,346	96.1%
Community Services District (CSD)	19,663,630	18,089,007	92.0%
Successor Agency	6,520,345	41,087,431	630.1% ⁽¹⁾
Housing Fund	-	56,016	-
Special Revenue Funds	36,312,563	28,469,191	78.4%
Capital Projects Funds	8,369,468	8,421,153	100.6%
Electric Utility Funds	19,595,868	20,801,308	106.2%
Internal Service Funds	18,346,288	14,435,617	78.7%
Debt Service Funds	32,468,043	29,465,104	90.8%
Total	\$ 220,056,764	\$ 236,557,172	107.5%

(1) Includes the final transfer of assets from the former Redevelopment Agency to the City.

The City Council adopts the budget at a fund level. Throughout the fiscal year, amendments to the budget are presented to the City Council primarily during the mid-year budget adjustments and the approval of the prior fiscal year carryovers. Additionally, as grants or other funds are received during the fiscal year, actions may be taken by Council to approve both the expenditures and offsetting revenues.

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

GENERAL FUND OPERATING

Table 2. General Fund Operations

	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 9,647,100	\$ 10,668,782	110.6%
Property Tax in-lieu	13,840,000	13,871,754	100.2%
Utility Users Tax	16,114,000	15,595,141	96.8%
Sales Tax	15,570,000	15,887,130	102.0%
Other Taxes	7,965,000	8,576,927	107.7%
Licenses & Permits	1,764,000	2,164,752	122.7%
Intergovernmental	235,000	311,510	132.6%
Charges for Services	9,224,707	9,896,025	107.3%
Use of Money & Property	2,688,000	2,836,585	105.5%
Fines & Forfeitures	601,500	577,961	96.1%
Miscellaneous	51,400	492,820	958.8%
Total Revenues	\$ 77,700,707	\$ 80,879,386	104.1%
Expenditures:			
Personnel Services	14,748,233	13,928,293	94.4%
Contractual Services	53,950,430	50,349,793	93.3%
Material & Supplies	1,146,214	923,151	80.5%
General Government	-	-	-
Debt Service	-	-	-
Fixed Charges	6,360,255	7,955,737	125.1%
Fixed Assets	-	-	-
Total Expenditures	\$ 76,205,132	\$ 73,156,973	96.0%
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	1,495,575	7,722,413	
Transfers:			
Transfers In	1,247,063	1,163,421	93.3%
Transfers Out	2,575,427	2,575,372	100.0%
Net Transfers	\$ (1,328,364)	\$ (1,411,951)	
Total Revenues & Transfers In	78,947,770	82,042,808	103.9%
Total Expenditures & Transfers Out	78,780,559	75,732,346	96.1%
Net Change of Fund Balance	\$ 167,211	\$ 6,310,462	(1,2)

(1) Revenues exceed the budget by 4% while expenditures were under budget by 4%. The net result is \$6.3 million in one-time savings to the General Fund.

(2) Approximately \$2 million of the \$6.3 million shall be identified as Unassigned fund balance.

General Fund Operating Revenues

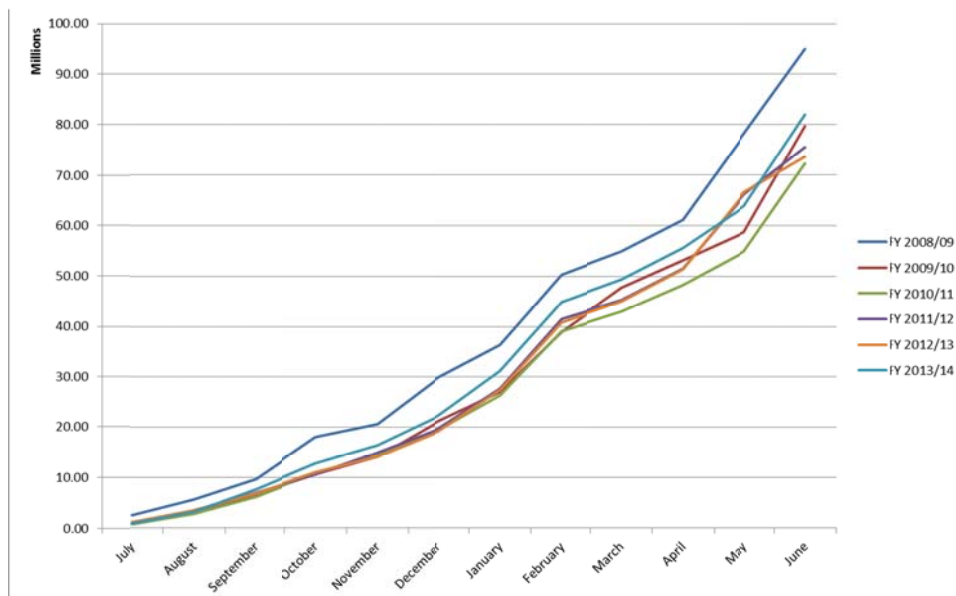
The General Fund is comprised of several revenue types. However, the main sources include property tax, utility users tax, and sales tax. Each of these are affected by different economic activity cycles and pressures.

Table 3. General Fund Operating Revenues

	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 9,647,100	\$ 10,668,782	110.6%
Property Tax in-lieu	13,840,000	13,871,754	100.2%
Utility Users Tax	16,114,000	15,595,141	96.8%
Sales Tax	15,570,000	15,887,130	102.0%
Other Taxes	7,965,000	8,576,927	107.7%
Licenses & Permits	1,764,000	2,164,752	122.7%
Intergovernmental	235,000	311,510	132.6%
Charges for Services	9,224,707	9,896,025	107.3%
Use of Money & Property	2,688,000	2,836,585	105.5%
Fines & Forfeitures	601,500	577,961	96.1%
Miscellaneous	51,400	492,820	958.8%
Transfers In	1,247,063	1,163,421	93.3%
Total Revenues	\$ 78,947,770	\$ 82,042,808	103.9%

The following chart represents a graphical representation comparing total General Fund year-end revenue collections, over a six year period.

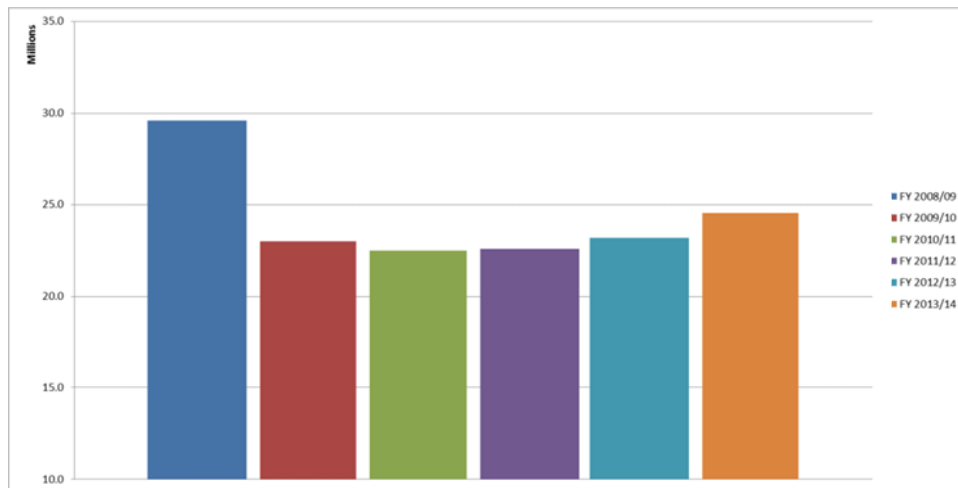
Chart 1. General Fund Operating Revenue Trends



Property Taxes/Property Taxes In-Lieu

Property taxes were budgeted to increase by 1.3% from the FY 20 12/13. Actual taxes came in within 4.5% of the budget amount. The variance is attributed primarily to the redistribution of prior redevelopment property taxes as a result of the dissolution of the former Redevelopment Agency along with the reassessment of property values by the County Assessor-Recorder to the prior Proposition 8 temporary property tax assessment appeals. Property taxes will continue to be monitored in future fiscal years as assessment appeals may continue to be filed with the County.

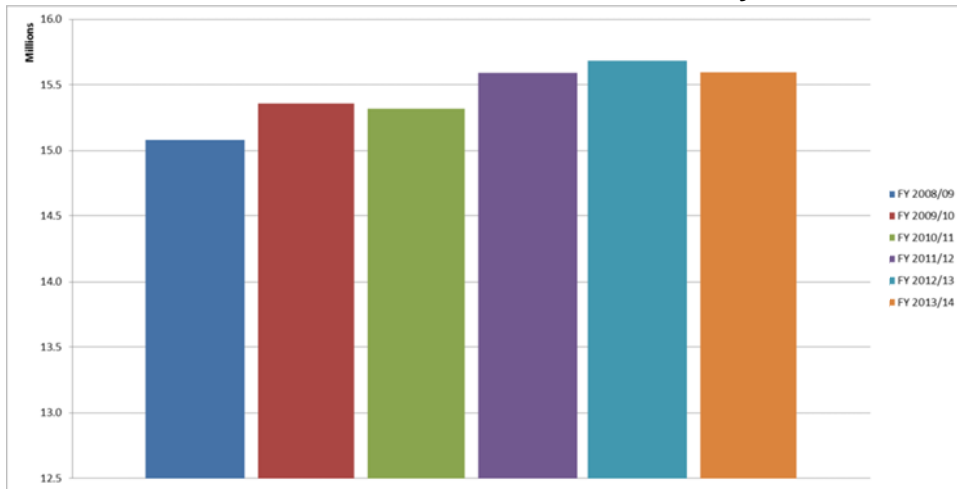
Chart 2. General Fund Revenue Trend – Property Taxes



Utility Users Tax

Utility Users taxes (UUT) were budgeted to increase 2.7% from FY 2012/13 to FY 2013/14. However, the UUT slightly decreased from the prior year actual, reducing by approximately (\$88,790) or only about 0.6%. This shortfall is primarily due to competitive forces within the communications markets. Both the wireless and wired markets experienced downturns year over year. For the wireless market this is the third consecutive year of decline. Based on our discussions with utility tax experts there are a couple of causes for this trend. First is competition and bundling practices within the market as more small players continue to join the market. Second is the migration of customers from contract plans to prepaid plans. Currently there is no method within the State to capture UUT related to prepaid wireless plans. There is currently legislation in Sacramento trying to address this and close that gap.

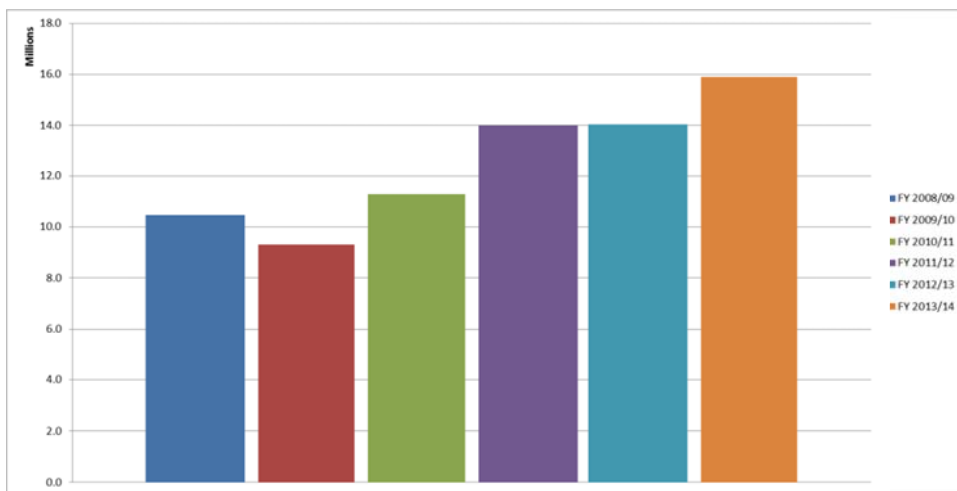
Chart 3. General Fund Revenue Trend – Utility Users Taxes



Sales Taxes

Sales taxes were anticipated to grow significantly and were budgeted to increase 10.9% from FY 2012/13 to FY 2013/14. Based on a recovering economy, sales taxes grew to \$15.9 million and exceeded the budget by \$300,000. Sales tax receipts will need to be continually monitored through the next year to determine if current trends will begin to plateau or begin to decrease.

Chart 4. General Fund Revenue Trend – Sales Taxes

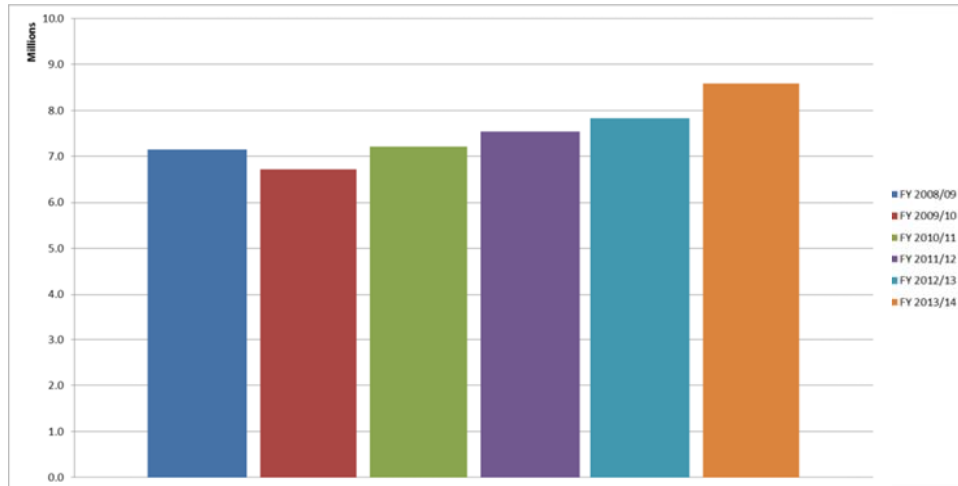


Other Taxes

Transient Occupancy Tax (TOT) and Business Taxes both exceeded budgets by approximately 20% or \$528,000 due primarily to some areas of recovery in the economy and new businesses that began operating in the City. Documentary Transfer Tax fell below the budget by 6.8%, or \$33,000, due to lower than expected real estate sales within the City. Franchise Fees were below the budget by 2.1%, or \$116,500, due to the continued decline in natural gas prices. We are also noticing a shift in activity between the cable providers and will need to monitor this in the future to see if subscribers transition from cable television services to satellite television

services which are not subject to these fees. With the approval of MVU's new economic development utility rates, franchise fees paid should be monitored for potential impacts associated with these new rates.

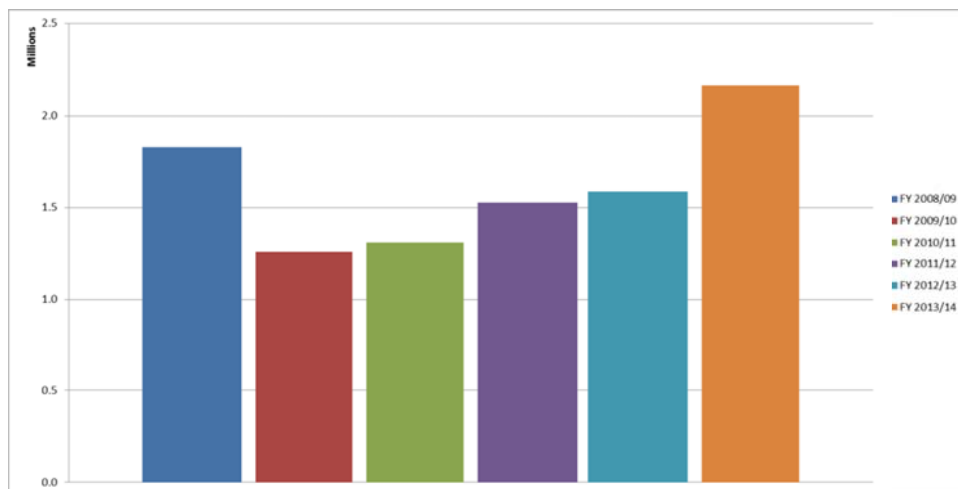
Chart 5. General Fund Revenue Trend – Other Taxes



Licenses & Permits

Licenses & Permits are primarily composed of Business and Animal Licenses, along with Building, Electrical, Mechanical, Plumbing and other permits. Collectively, Licenses & Permits were budgeted to increase 11.3% from the FY 2012/13 to FY 2013/14. Actual results were a growth in revenues of \$400,700 or growth of 25.3%. The growth was due to a higher level of building permit requests being received by the City.

Chart 6. General Fund Revenue Trend – Licenses & Permits

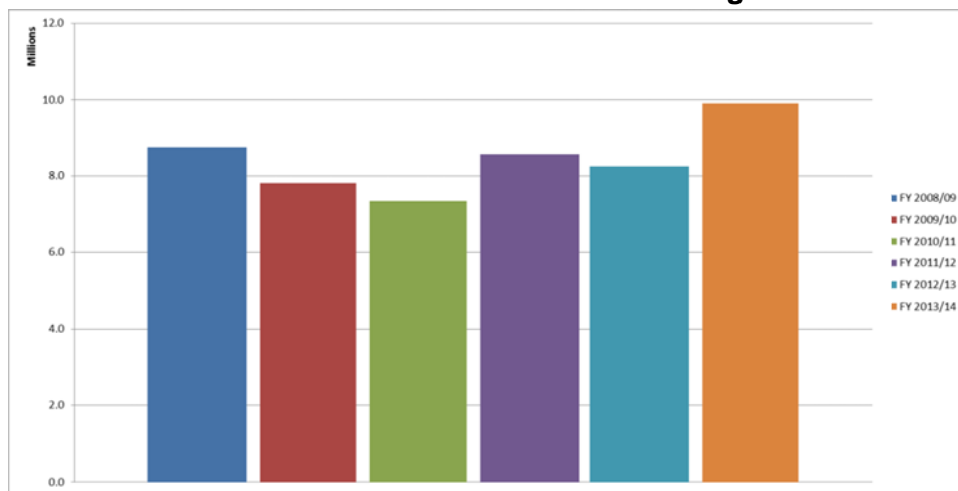


Charges for Services

Charges for Services were anticipated to grow significantly and were budgeted to increase 11.7% from FY 2012/13 to FY 2013/14. Development revenue activity has increased

significantly in certain areas and for FY 2013/14 the revenues exceeded the budget by \$671,300. Specifically, Plan C Check Fees including Building & Safety, Fire, and Engineering exceeded the budgeted amounts. New development will need to be continually monitored through the next year to determine any new trends.

Chart 7. General Fund Revenue Trend – Charges for Services



Use of Money and Property

Investment income continued to remain low due to extremely low rates of return for fixed income investments. For F Y 2013/14, the Two-year Treasury Note yielded only 0.36%. Through a professional money management firm, the City's portfolio achieved a yield of about 1.25% with a duration of just over 2.28 years. This is a very low rate of return compared to historical experience, but is indicative of how investment income is performing everywhere. Chandler Asset Management was able to supplement the investment income by employing a Total Return strategy which utilizes active trading to sell securities at advantageous points to achieve gains on the sale. As the market begins to move upward there will be less opportunity for these trading gains.

General Fund Expenditures

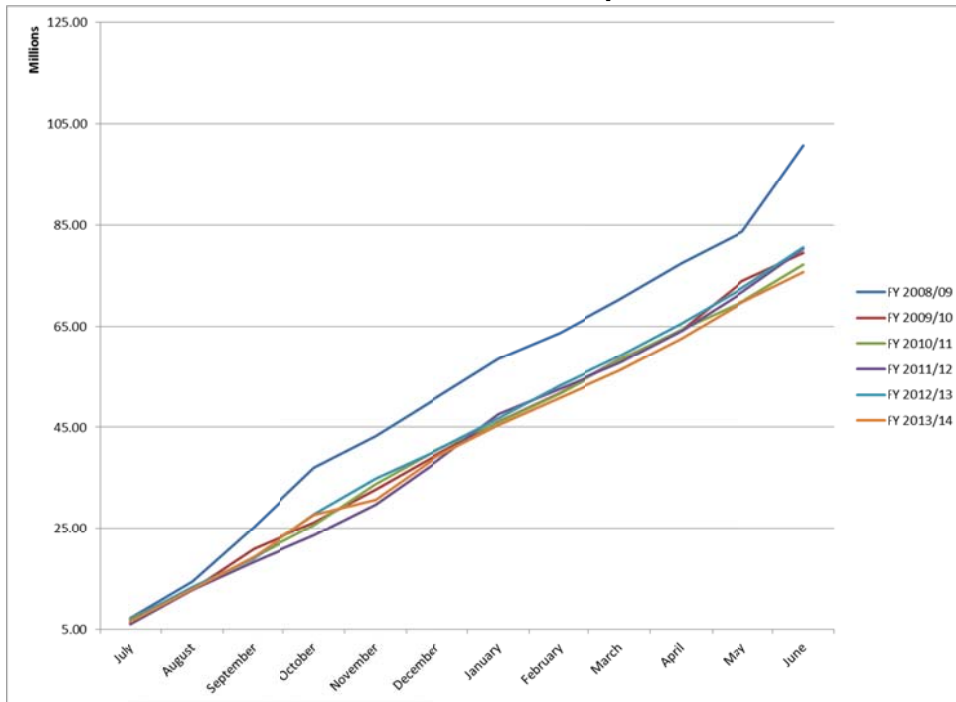
Expenditures are being spent in-line with prior year expenditure trends; although the following table does identify an overall reduction due to the expense reductions adopted as part of the FY 2013/14 amended budget.

Table 4. General Fund Expenditures

Department	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
City Council	\$ 654,113	\$ 642,586	98.2%
City Clerk	541,202	573,397	105.9%
City Manager	1,917,210	1,915,196	99.9%
City Attorney	776,045	869,430	112.0%
Community & Economic Development	5,714,662	5,344,293	93.5%
Financial & Management Services	3,091,265	2,844,704	92.0%
Administrative Services	3,764,674	3,544,102	94.1%
Public Works	4,465,001	3,974,832	89.0%
Non-Departmental	2,796,980	3,435,439	122.8%
Non-Public Safety Subtotal	23,721,152	23,143,979	97.6%
Public Safety			
Police	37,552,195	36,042,648	96.0%
Fire	17,507,212	16,545,719	94.5%
Public Safety Subtotal	55,059,407	52,588,366	95.5%
Total	\$ 78,780,559	\$ 75,732,346	96.1%

The following chart represents a graphical representation comparing total General Fund year-end expenditures over a five year period.

Chart 8. General Fund Expense Trends



OTHER KEY FUNDS

The following summaries describe other major funds in the City.

Moreno Valley Community Services District

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

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

Revenues received by the CSD programs are restricted to use within those programs. Any funds received above the current year expenditures shall be retained within the programs fund balance for the establishment of reserves or for future use by the programs.

Table 5. CSD Operations

	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 3,188,300	\$ 3,612,752	113.3%
Other Taxes	6,322,000	6,350,448	100.4%
Intergovernmental	-	4,660	
Charges for Services	5,865,531	5,958,398	101.6%
Use of Money & Property	614,221	725,735	118.2%
Fines & Forfeitures	50,000	41,980	84.0%
Miscellaneous	20,580	480,449	2334.5% (1)
Transfers In	2,459,771	2,183,135	88.8%
Total Revenues	18,520,403	19,357,557	104.5%
Expenditures:			
Library Services Fund (5010)	\$ 2,145,013	\$ 2,122,497	99.0%
Zone A Parks Fund (5011)	9,343,871	8,688,301	93.0%
LMD 2014-01 Residential Street Lighting Fund (5012)	1,683,805	1,506,095	89.4%
Zone C Arterial Street Lighting Fund (5110)	1,188,385	1,101,899	92.7%
Zone D Standard Landscaping Fund (5111)	1,096,642	1,042,870	95.1%
Zone E Extensive Landscaping Fund (5013)	2,628,085	2,205,414	83.9%
Zone M Median Fund (5112)	285,224	244,721	85.8%
CFD No. 1 (5113)	1,226,277	1,129,789	92.1%
Zone S (5114)	66,328	47,422	71.5%
Total Expenditures	19,663,630	18,089,007	92.0%
Net Change or Adopted Use of Fund Balance	\$ (1,143,227)	\$ 1,268,550	

(1) Reflect one-time revenue from the sale of assets.

The following chart represents a graphical representation comparing total CSD year-end revenue collections over a five year period. Since a significant amount of property taxes and charges for services are collected on the Riverside County property tax bills, the cash flow for revenues reflect two major payments for revenues, correlating with the payment of these bills. The timing of these revenues may also affect the need to maintain certain reserve levels.

Chart 9. CSD Revenue Trends

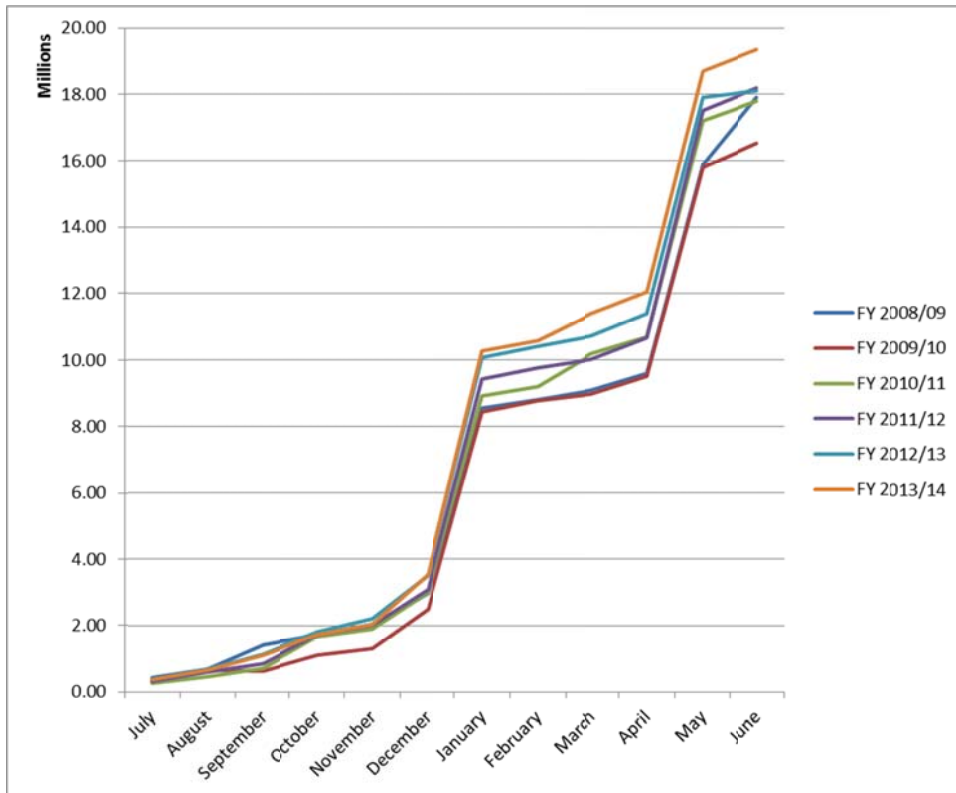
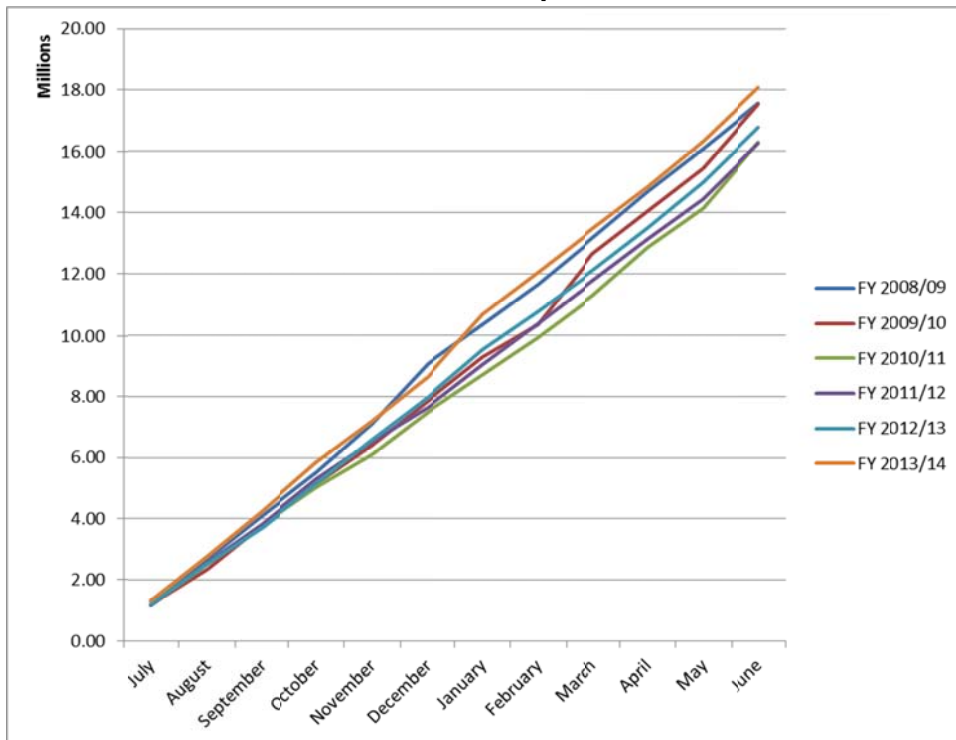


Chart 10. CSD Expense Trends



Community Services District Zone A – Parks & Community Services

The largest Zone within the CSD is Zone A. It accounts for the administration and maintenance of the Parks & Community Services facilities and programs. Funding sources for these services come from a combination of property taxes, fees for service and smaller amounts from other City funds. Although the Amended budget reflected a projected shortfall of \$641,000, Parks & Community Services worked diligently throughout the fiscal year to eliminate this shortfall through savings in materials & supplies and personnel expenditures to complete the year with a balanced budget.

Table 6. CSD Zone A Operations

	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 1,709,000	\$ 1,880,818	110.1%
Other Taxes	4,900,000	4,945,843	100.9%
Charges for Services	1,067,122	1,036,384	97.1%
Use of Money & Property	583,900	578,517	99.1%
Miscellaneous	18,100	15,018	83.0%
Transfers In	424,136	307,500	72.5%
Total Revenues	8,702,258	8,764,080	100.7%
Expenditures:			
35010 Parks & Comm Svcs - Admin	\$ 591,679	\$ 631,654	106.8%
35210 Park Maintenance - General	3,237,870	2,850,318	88.0%
35211 Contract Park Maintenance	464,403	309,200	66.6%
35212 Park Ranger Program	384,056	351,687	91.6%
35213 Golf Course Program	264,804	281,470	106.3%
35214 Parks Projects	180,534	194,936	108.0%
35310 Senior Program	620,371	555,658	89.6%
35311 Community Services	198,218	160,680	81.1%
35312 Community Events	95,881	108,198	112.8%
35313 Conf & Rec Cntr	632,947	568,610	89.8%
35314 Conf & Rec Cntr - Banquet	331,004	307,303	92.8%
35315 Recreation Programs	1,787,911	1,853,783	103.7%
35317 July 4th Celebration	143,893	122,017	84.8%
95011 Non-Dept Zone A Parks	410,300	392,787	95.7%
Total Expenditures	9,343,871	8,688,301	93.0%
Net Change or			
Adopted Use of Fund Balance	\$ (641,613)	\$ 75,779	

Electric Utility

The Moreno Valley Utility (MVU) manages the operation, maintenance and business planning of the City's electric utility. MVU's basic purpose is to purchase and distribute electricity to customers in newly developed areas of the City. The City began serving new customers in February 2004, and now serves more than 5,600 customers.

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

Table 7. MVU Operations

	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
Revenues:			
Charges for Services	\$ 18,915,548	\$ 20,627,687	109.1%
Use of Money & Property	80,500	91,064	113.1%
Miscellaneous	123,488	1,302,521	1054.8% (1)
Transfers In	150,000	904,032	602.7%
Total Revenues	19,269,536	22,925,304	119.0%
Expenditures:			
45510 Electric Utility - General	\$ 16,238,850	\$ 17,716,625	109.1%
45511 Public Purpose Program	1,199,111	931,102	77.6%
45520 2007 Taxable Lease Rev	1,835,144	1,841,425	100.3%
45530 2005 Lease Revenue Bo	302,441	294,364	97.3%
96030 Non-Dept 2005 Lease R€	-	-	
96031 Non-Dept 2013 Refundin	20,322	17,792	
Total Expenditures	19,595,868	20,801,308	106.2%
Net Change or Adopted Use of Fund Balance	\$ (326,332)	\$ 2,123,996	

(1) Revenues include \$1.2 million in bond proceeds from the 2013 refunding of the 2005 Lease Revenue Bonds.

Chart 11. MVU Revenue Trends

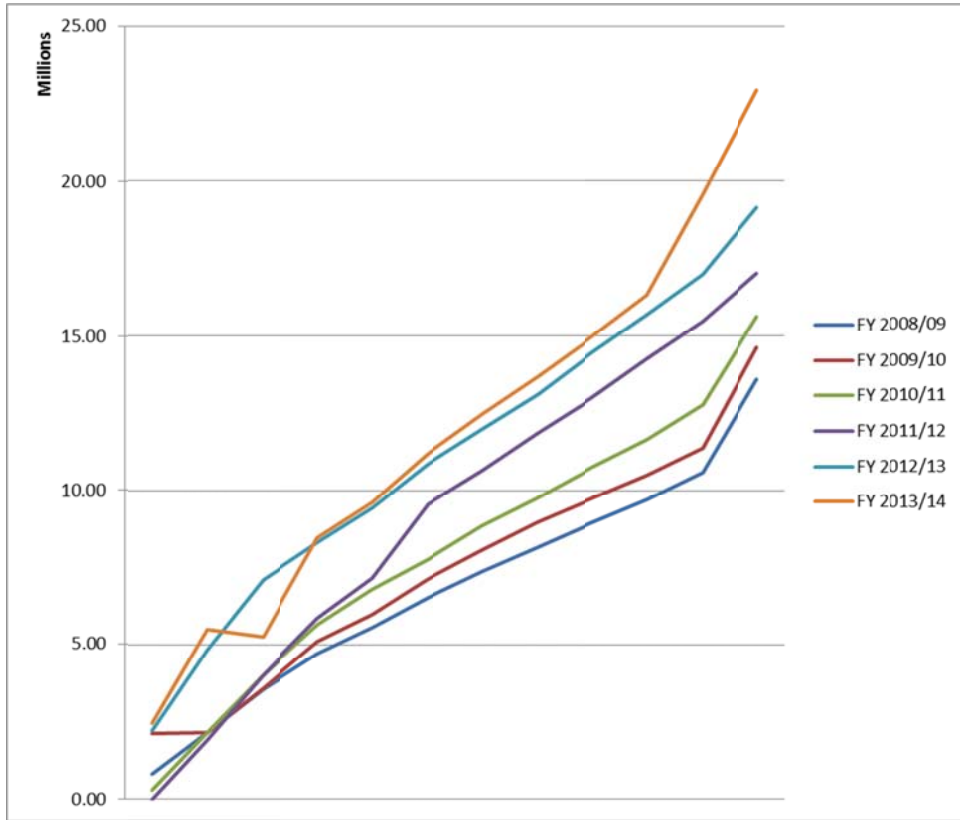
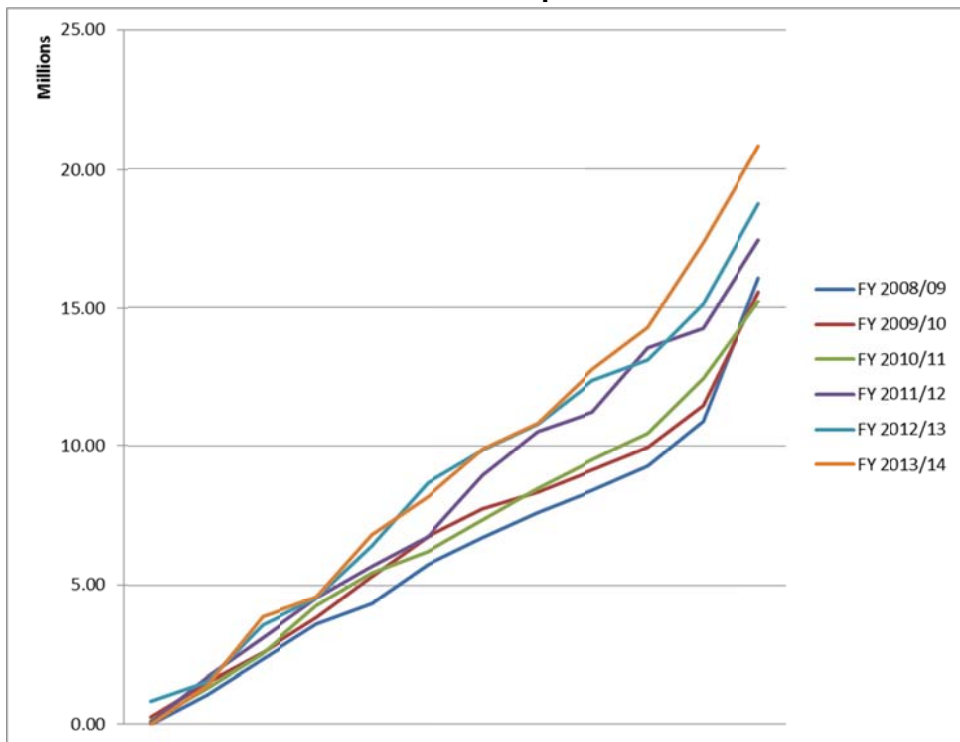


Chart 12. MVU Expense Trends



SUMMARY

The General Fund's year-end revenues and expenditures were both within 4% of expectations set by the Amended FY 2013/14 Budget. The net unaudited financial results for operations provided a one-time savings of approximately \$6.3 million.

Revenues have begun to stabilize and grow in some areas, which will help to provide the City a foundation for the FY 2014/15. The City will continue to monitor the financials throughout FY 2014/15 and bring back to the City Council for discussion options to address the other challenges and unfunded liabilities, as well as examining the reserve fund balances held by the City.



City of Moreno Valley

Fiscal Year 2014/15

First Quarter Financial Summary

TO: Mayor and City Council

FROM: Richard Teichert, Chief Financial Officer

DATE: December 9, 2014

INTRODUCTION

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

This report provides a review of the unaudited financial results for the completed FY 2014/15 First Quarter (July 2014 – September 2014, 25% of the fiscal year).

CITYWIDE OPERATING EXPENDITURE SUMMARY

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

Table 1. Citywide Operating Expenditures

	FY 2014/15 Adopted Budget	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
Fund/Component Unit				
General Fund	\$ 78,741,256	\$ 83,324,600	\$ 19,489,372	23.4%
Community Services District (CSD)	18,704,827	19,414,296	3,784,307	19.5%
Successor Agency	6,123,817	6,119,169	1,001,086	16.4%
Housing Fund	-	125,000	2,310	1.8%
Special Revenue Funds	22,022,688	33,502,324	4,584,999	13.7%
Capital Projects Funds	256,100	382,035	189,835	49.7%
Electric Utility Funds	18,862,227	19,975,594	3,863,697	19.3%
Internal Service Funds	13,058,676	16,521,820	2,880,198	17.4%
Debt Service Funds	5,422,100	7,441,085	52,583	0.7%
Total	\$ 163,191,691	\$ 186,805,923	\$ 35,848,386	19.2%

Actions taken by the City Council subsequent to the June 11, 2013 adoption of the two-year budget have resulted in some important service level enhancements. After five years of being

closed every Friday, City Hall is now open every Friday to accommodate the needs of our development community. Contracting Library Services more than tripled the books and materials budget and provided 25% additional weekly service hours, including Sunday service.

The significant amendments approved and included in the Amended Budget are:

- On June 25, 2013, the City Council approved the Employee Memorandum of Understanding to reduce the current furlough from 10% down to 5%, which provided for additional service hours. The impact city wide was \$1,706,870.
- On March 11, 2014, the City Council approved the FY 2013/14 mid-year budget adjustments which included approx. \$2.1 million in increased expenditures for FY 2014/15.
- On May 27, 2014, the City Council approved the Employee Memorandum of Understanding to reduce the current furlough from 5% down to 0%, which provided for the opening of City Hall every Friday to better meet the needs of the public. The impact city wide was \$1,454,087.
- On October 28, 2014, the City Council approved the FY 2014/15 first quarter budget adjustments which included approx. \$16.5 million in increased expenditures and \$38.9 million in increased revenues. The expenditure items reflected carryovers from the prior fiscal year and new expenditures with offsetting revenues.
- Throughout the fiscal year there are also budget amendments to reflect the acceptance of grants and adjustments to contractual services and material/supplies. The individual amendments are reviewed as part of separate City Council agenda items.

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

GENERAL FUND OPERATING

Table 2. General Fund Operations

	FY 2014/15 Adopted Budget	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
Revenues:				
Taxes:				
Property Tax	\$ 9,803,900	\$ 11,083,551	\$ 0	0.0%
Property Tax in-lieu	13,890,000	14,912,136	-	0.0%
Utility Users Tax	16,428,000	15,912,000	3,184,284	20.0%
Sales Tax	16,420,000	17,638,770	1,147,380	6.5%
Other Taxes	8,185,000	8,266,100	736,806	8.9%
Licenses & Permits	1,519,200	1,519,200	465,652	30.7%
Intergovernmental	235,000	235,000	39,299	16.7%
Charges for Services	8,977,274	9,342,770	2,010,638	21.5%
Use of Money & Property	2,589,600	2,589,600	(176,625)	-6.8%
Fines & Forfeitures	606,500	606,500	70,785	11.7%
Miscellaneous	51,400	281,400	247,106	87.8%
Total Revenues	\$ 78,705,874	\$ 82,387,027	\$ 7,725,324	9.4%
Expenditures:				
Personnel Services	13,403,654	15,111,068	3,222,595	21.3%
Contractual Services	54,972,435	56,549,399	13,461,133	23.8%
Material & Supplies	1,043,190	1,710,789	226,110	13.2%
General Government	-	-	-	-
Debt Service	-	-	-	-
Fixed Charges	6,794,374	6,854,374	1,989,089	29.0%
Fixed Assets	125,000	67,200	-	0.0%
Total Expenditures	\$ 76,338,653	\$ 80,292,830	\$ 18,898,927	23.5%
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	2,367,221	2,094,197	(11,173,602)	
Transfers:				
Transfers In	126,489	742,640	19,380	2.6%
Transfers Out	2,402,603	3,031,770	590,445	19.5%
Net Transfers	\$ (2,276,114)	\$ (2,289,130)	\$ (571,065)	
Total Revenues & Transfers In	78,832,363	83,129,667	7,744,704	9.3%
Total Expenditures & Transfers Out	78,741,256	83,324,600	19,489,372	23.4%
Net Change of Fund Balance	\$ 91,107	\$ (194,933)	\$ (11,744,667)	

General Fund Operating Revenues

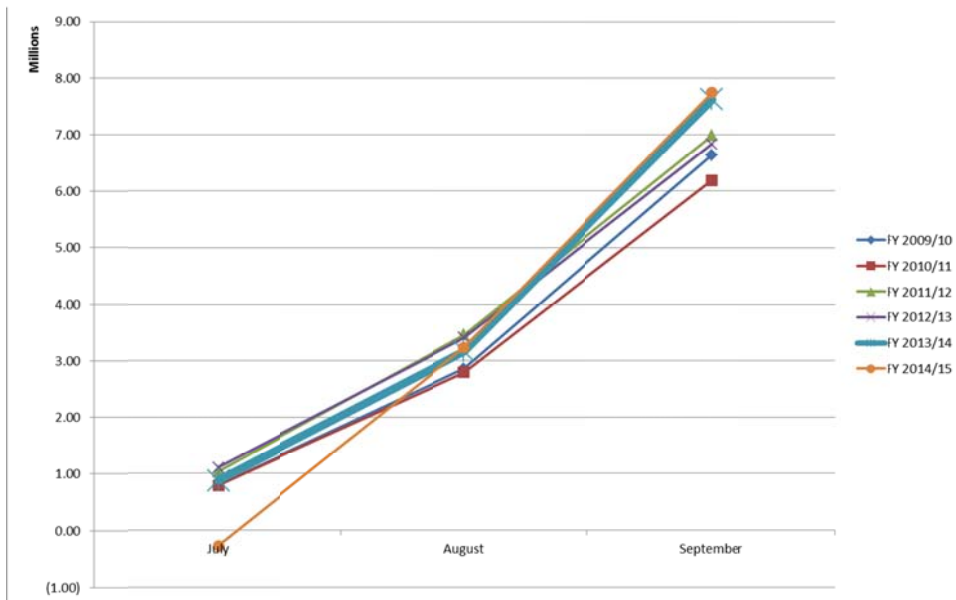
The General Fund is comprised of several revenue types. However, the main sources include property tax, utility users tax, and sales tax. Each of these are affected by different economic activity cycles and pressures.

Table 3. General Fund Operating Revenues

	FY 2014/15 Adopted Budget	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
Revenues:				
Taxes:				
Property Tax	\$ 9,803,900	\$ 11,083,551	\$ 0	0.0%
Property Tax in-lieu	13,890,000	14,912,136	-	0.0%
Utility Users Tax	16,428,000	15,912,000	3,184,284	20.0%
Sales Tax	16,420,000	17,638,770	1,147,380	6.5%
Other Taxes	8,185,000	8,266,100	736,806	8.9%
Licenses & Permits	1,519,200	1,519,200	465,652	30.7%
Intergovernmental	235,000	235,000	39,299	16.7%
Charges for Services	8,977,274	9,342,770	2,010,638	21.5%
Use of Money & Property	2,589,600	2,589,600	(176,625)	-6.8%
Fines & Forfeitures	606,500	606,500	70,785	11.7%
Miscellaneous	51,400	281,400	247,106	87.8%
Total Revenues	\$ 78,705,874	\$ 82,387,027	\$ 7,725,324	9.4%

The following chart represents a graphical representation comparing total General Fund revenue collections through the first quarter, over a six year period.

Chart 1. General Fund Revenue Trends



Property Taxes/Property Taxes In-Lieu

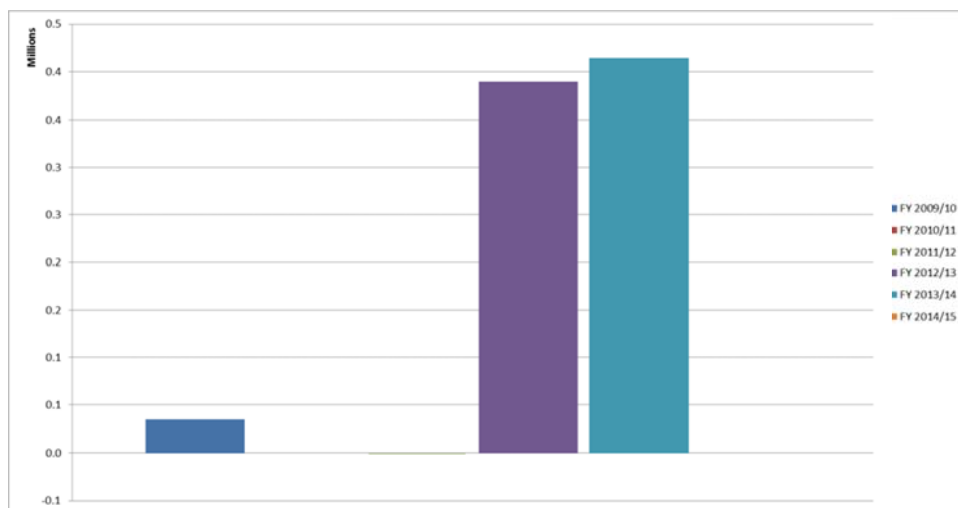
Property taxes were budgeted to increase by 10.7% from the FY 2013/14 Amended Budget. The annual schedule of property tax payments from the County of Riverside will provide payments to the City based on the following estimated schedule:

Secured Property Tax Payment Dates

Settlement 1	January 20-24, 2014
Settlement 2	May 19-23, 2014
Settlement 3	August 4-8, 2014
Teeter Settlement	October 20-24, 2014

Based on historical averages of actual receipts, the City is estimated to receive 2% of the budgeted property tax revenue within the first quarter. The City has currently received 0% during the first quarter. Property taxes will continue to be monitored as property valuations may adjust through the year based on property sales and assessment appeals filed with the County.

Chart 2. General Fund First Quarter Revenue Trend – Property Taxes



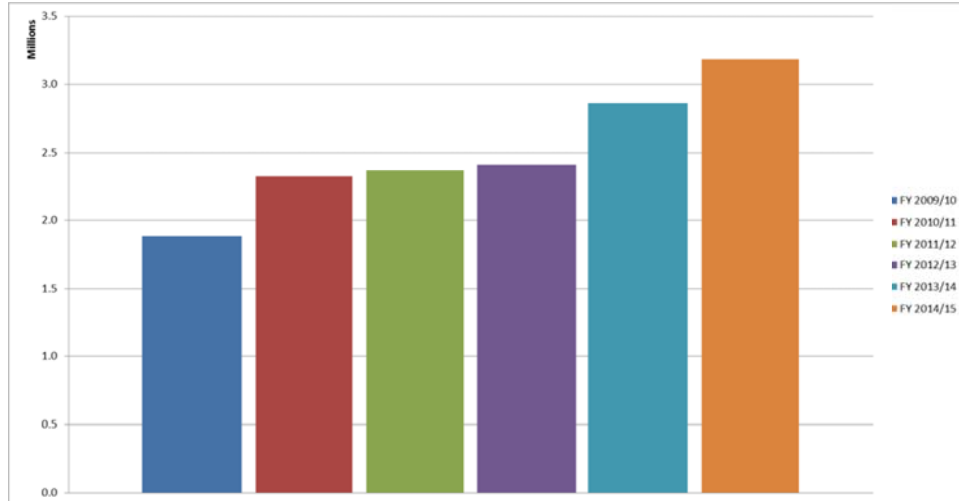
Note: FYs 2010/11, 2011/12 and 2014/15 did not receive any property tax revenues in the first quarter.

Utility Users Tax

Utility Users taxes were budgeted to decrease 1.25% from the FY 2013/14 Amended Budget. This projection is primarily due to competitive forces within the communications markets. Both the wireless and wired markets experienced downturns year over year. Based on our discussions with utility tax experts, there are a couple of causes for this trend. First is competition and bundling practices within the market as more small players continue to join the market. Second is the migration of customers from contract plans to prepaid plans. Currently there is no method within the State to capture UUT related to prepaid wireless plans. There is currently legislation in Sacramento trying to address this and close that gap.

Based on historical averages of actual receipts, the City is estimated to receive 13% of the budgeted utility users tax revenue within the first quarter. The City has currently received 20% during the first quarter.

Chart 3. General Fund First Quarter Revenue Trend – Utility Users Taxes

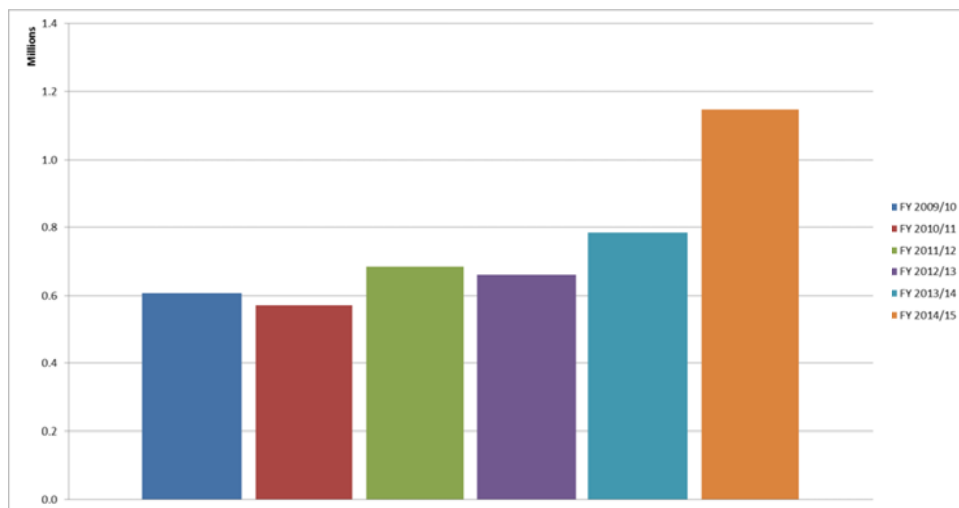


Sales Taxes

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

Based on historical averages of actual receipts, the City is estimated to receive 6% of the budgeted sales tax revenue within the first quarter. The City has currently received 6.5% during the first quarter.

Chart 4. General Fund First Quarter Revenue Trend – Sales Taxes

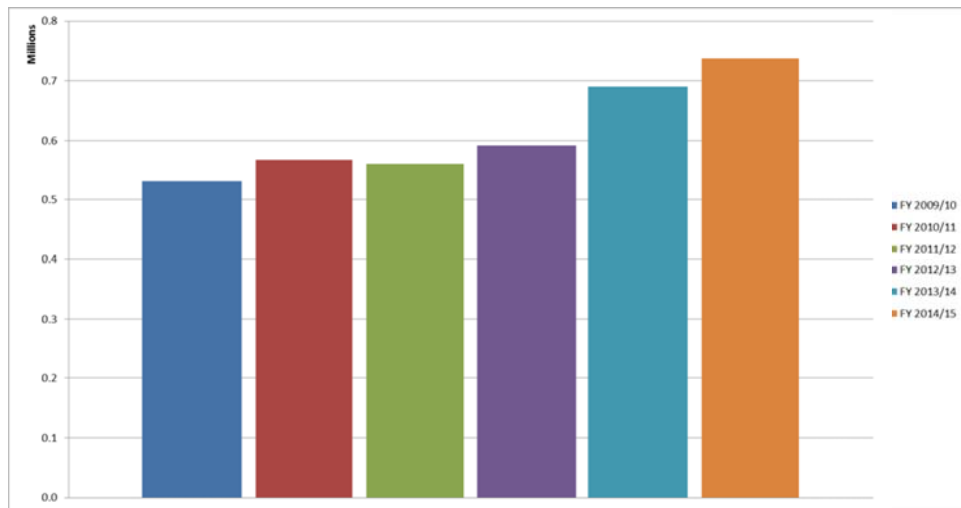


Other Taxes

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

Based on historical averages of actual receipts, the City is estimated to receive 8% of the budgeted Other Taxes revenue within the first quarter. The City has currently received 8.9% during the first quarter.

Chart 5. General Fund First Quarter Revenue Trend – Other Taxes

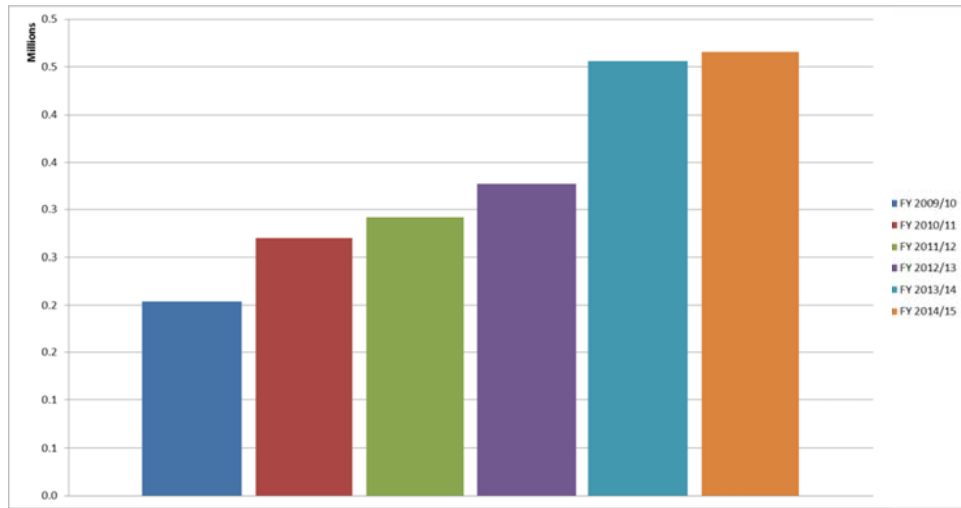


Licenses & Permits

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

Based on historical averages of actual receipts, the City is estimated to receive 26% of the budgeted Licenses & Permits revenue within the first quarter. The City has currently received 30.7% during the first quarter.

Chart 6. General Fund First Quarter Revenue Trend – Licenses & Permits

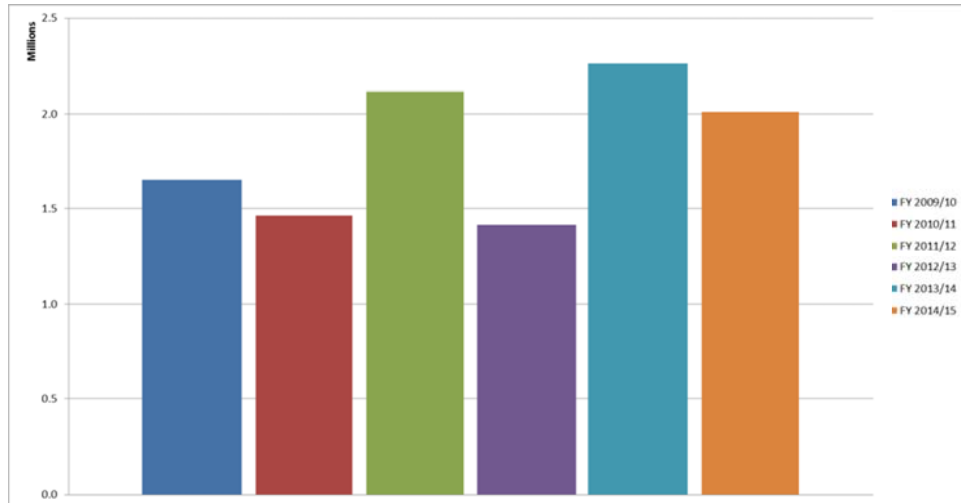


Charges for Services

Charges for Services are primarily composed of Plan Check Fees, Inspection Fees, Administrative Charges to other funds, and Parking Control Fines. Collectively, Charges for Services were budgeted to increase 1.3% from the FY 2013/14 Amended Budget.

Based on historical averages of actual receipts, the City is estimated to receive 22% of the budgeted Charges for Services revenue within the first quarter. The City has currently received 21.5% during the first quarter.

Chart 7. General Fund First Quarter Revenue Trend – Charges for Services



Use of Money and Property

Investment income continues to remain low due to extremely low rates of return for fixed income investments. Currently, the Two-year Treasury Note is yielding only 0.57%. Through a professional money management firm, the City’s portfolio is achieving a yield of about 1.27%

with a duration of just over 2.17 years. This is a very low rate of return compared to historical experience, but is indicative of how investment income is performing everywhere. Chandler Asset Management was able to supplement the investment income by employing a Total Return strategy which utilizes active trading to sell securities at advantageous points to achieve gains on the sale. As the market begins to move upward, there will be less opportunity for these trading gains.

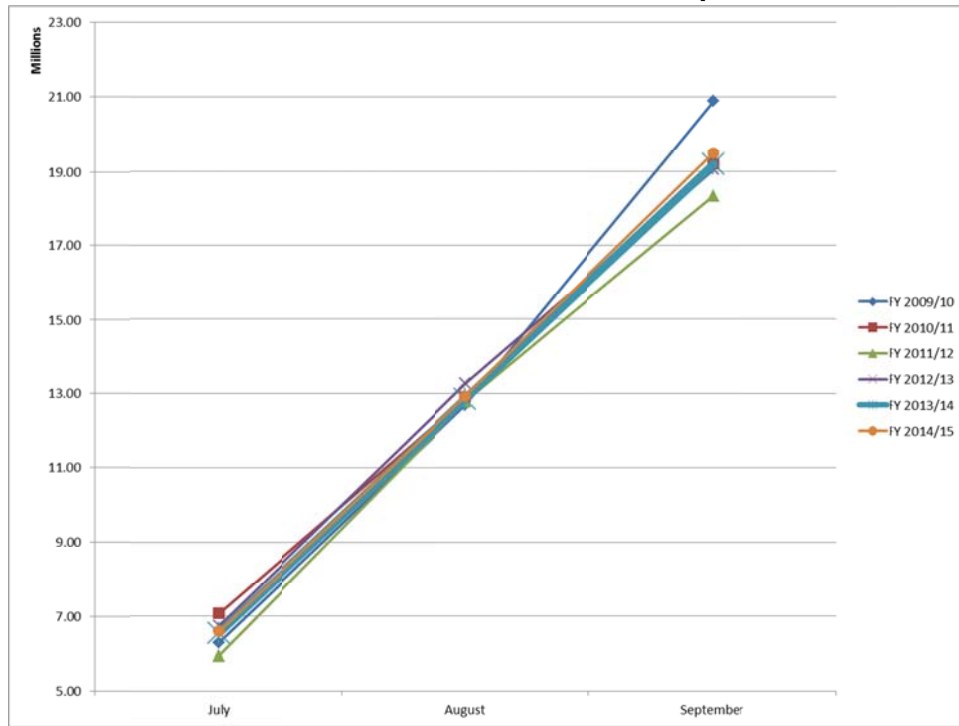
General Fund Expenditures

Expenditures are being spent in-line with prior year expenditures. Each Department's activities will be monitored throughout the year as they may be impacted by different economic activity cycles and pressures.

Table 4. General Fund Expenditures

	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
Department			
City Council	\$ 668,537	\$ 135,896	20.3%
City Clerk	662,185	114,556	17.3%
City Manager	1,863,226	382,844	20.5%
City Attorney	619,963	208,006	33.6%
Community & Economic Development	5,828,344	1,230,548	21.1%
Financial & Management Services	3,472,927	658,282	19.0%
Administrative Services	3,993,099	808,980	20.3%
Public Works	4,692,049	848,341	18.1%
Non-Departmental	3,575,470	1,416,769	39.6%
Non-Public Safety Subtotal	25,375,800	5,804,222	22.9%
Public Safety			
Police	39,476,236	9,390,484	23.8%
Fire	18,472,564	4,294,666	23.2%
Public Safety Subtotal	57,948,800	13,685,150	23.6%
Total	\$ 83,324,600	\$ 19,489,372	

Chart 8. General Fund First Quarter Expense Trends



CONTINUED CHALLENGES AND ITEMS OF NOTE

Preserving a balanced City budget over the next several years will require the same level of vigilance and strategic planning which produced the budget. While focusing significant energy to attract and retain local businesses, the City will also contend with fiscal pressures associated with:

- A General Fund subsidy for street lights of approximately \$1 million annually, along with the impacts of future SCE rate increases;
- Continued cost increases levied by the County for contract law enforcement services;
- Projected cost increases for contract Fire protection;
- Anticipated pension cost increases, exacerbated by revisions to CalPERS rate methodology which had previously smoothed rate increases over longer periods;
- With the dissolution of the prior Redevelopment Agency, there are continued risks that the payment of certain agreements may not be approved by the California Department of Finance, which will impact the General Fund.
- The General Fund's obligation to guarantee debt service payments on the police and fire facilities;
- Reinstating the employee merit increases and the funding of accrued leave balances;
- The restoration of funding for deferred infrastructure maintenance and vehicle replacements during the fiscal downturn.

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

OTHER KEY FUNDS

The following summaries describe other major funds in the City.

Moreno Valley Community Services District

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

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

Table 5. CSD Operations

	FY 2014/15 Adopted Budget	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
Revenues:				
Taxes:				
Property Tax	\$ 3,233,300	\$ 3,884,148	\$ -	0.0%
Other Taxes	6,322,000	6,358,616	-	0.0%
Charges for Services	6,119,112	5,824,562	309,890	5.3%
Use of Money & Property	621,351	646,351	136,179	21.1%
Fines & Forfeitures	50,000	50,000	8,932	17.9%
Miscellaneous	20,100	20,100	3,573	17.8%
Transfers In	1,947,608	2,229,396	503,445	22.6%
Total Revenues	18,313,471	19,013,173	962,020	5.1%
Expenditures:				
Library Services Fund (5010)	\$ 1,828,882	\$ 1,753,611	\$ 433,980	24.7%
Zone A Parks Fund (5011)	8,941,044	9,039,050	1,900,123	21.0%
LMD 2014-01 Residential Street Lighting Fund (5012)	1,735,500	1,727,780	269,988	15.6%
Zone C Arterial Street Lighting Fund (5110)	957,400	960,571	163,786	17.1%
Zone D Standard Landscaping Fund (5111)	1,120,300	1,238,148	243,477	19.7%
Zone E Extensive Landscaping Fund (5013)	2,535,783	475,113	115,764	24.4%
5014 LMD 2014-02	-	2,404,405	289,994	12.1%
5015 CFD 2014-01	-	5,700	-	0.0%
Zone M Median Fund (5112)	292,144	283,194	54,072	19.1%
CFD No. 1 (5113)	1,225,757	1,215,343	302,162	24.9%
Zone S (5114)	68,017	95,755	10,960	11.4%
5211 ZONE A PARKS - RESTRICTED ASSETS	-	215,626	-	0.0%
Total Expenditures	18,704,827	19,414,296	3,784,307	19.5%
Net Change or Adopted Use of Fund Balance	\$ (391,356)	\$ (401,123)	\$ (2,822,287)	

Community Services District Zone A – Parks & Community Services

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

Table 6. CSD Zone A Operations

	FY 2014/15 Adopted Budget	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
Revenues:				
Taxes:				
Property Tax	\$ 1,733,000	\$ 2,022,318	\$ -	0.0%
Other Taxes	4,900,000	4,900,000	-	0.0%
Charges for Services	1,070,507	1,045,507	277,288	26.5%
Use of Money & Property	591,300	616,300	151,835	24.6%
Miscellaneous	18,100	18,100	288	1.6%
Transfers In	307,500	307,500	76,875	25.0%
Total Revenues	8,620,407	8,909,725	506,286	5.7%
Expenditures:				
35010 Parks & Comm Svcs - Admin	\$ 579,170	\$ 593,720	\$ 96,357	16.2%
35210 Park Maintenance - General	2,999,075	3,038,495	645,625	21.2%
35211 Contract Park Maintenance	467,288	452,292	43,918	9.7%
35212 Park Ranger Program	372,210	367,233	83,445	22.7%
35213 Golf Course Program	265,672	318,874	68,467	21.5%
35214 Parks Projects	175,211	188,421	40,219	21.3%
35310 Senior Program	576,727	612,483	135,333	22.1%
35311 Community Services	194,116	177,887	39,016	21.9%
35312 Community Events	81,507	224,384	17,605	7.8%
35313 Conf & Rec Cntr	603,507	584,054	116,504	19.9%
35314 Conf & Rec Cntr - Banquet	334,331	349,077	69,930	20.0%
35315 Recreation Programs	1,739,165	1,304,736	365,915	28.0%
35317 July 4th Celebration	142,765	152,414	46,868	30.8%
35318 Sports Programs	-	384,345	44,627	11.6%
35319 Towngate Community Center	-	40,335	3,697	9.2%
95011 Non-Dept Zone A Parks	410,300	250,300	82,596	33.0%
Total Expenditures	8,941,044	9,039,050	1,900,123	21.0%
Net Change or Adopted Use of Fund Balance	\$ (320,637)	\$ (129,325)	\$ (1,393,837)	

Electric Utility

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

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

Table 7. MVU Operations

	FY 2014/15 Adopted Budget	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
Revenues:				
Charges for Services	\$ 19,289,102	\$ 19,285,102	\$ 9,731,241	50.5%
Use of Money & Property	80,500	80,500	(3,996)	-5.0%
Miscellaneous	121,878	121,878	19,865	16.3%
Total Revenues	19,491,480	19,487,480	9,747,109	50.0%
Expenditures:				
45510 Electric Utility - General	\$ 15,862,669	\$ 16,126,036	\$ 3,705,810	23.0%
45511 Public Purpose Program	846,300	1,696,300	157,669	9.3% ⁽¹⁾
45520 2007 Taxable Lease Rev Bonds	1,830,995	1,830,995	-	0.0%
45530 2005 Lease Revenue Bonds	322,263	191,159	218	0.1%
96031 Non-Dept 2013 Refunding 05 LRB	-	131,104	-	-
Total Expenditures	18,862,227	19,975,594	3,863,697	19.3%
Net Change or Adopted Use of Fund Balance	\$ 629,253	\$ (488,114)	\$ 5,883,413	(1)

(1) Reflects the one-time use of existing fund balance restricted for Public Purpose Programs.

MVU's revenues and expenses will fluctuate annually based on energy demands.

Chart 9. MVU First Quarter Revenue Trends

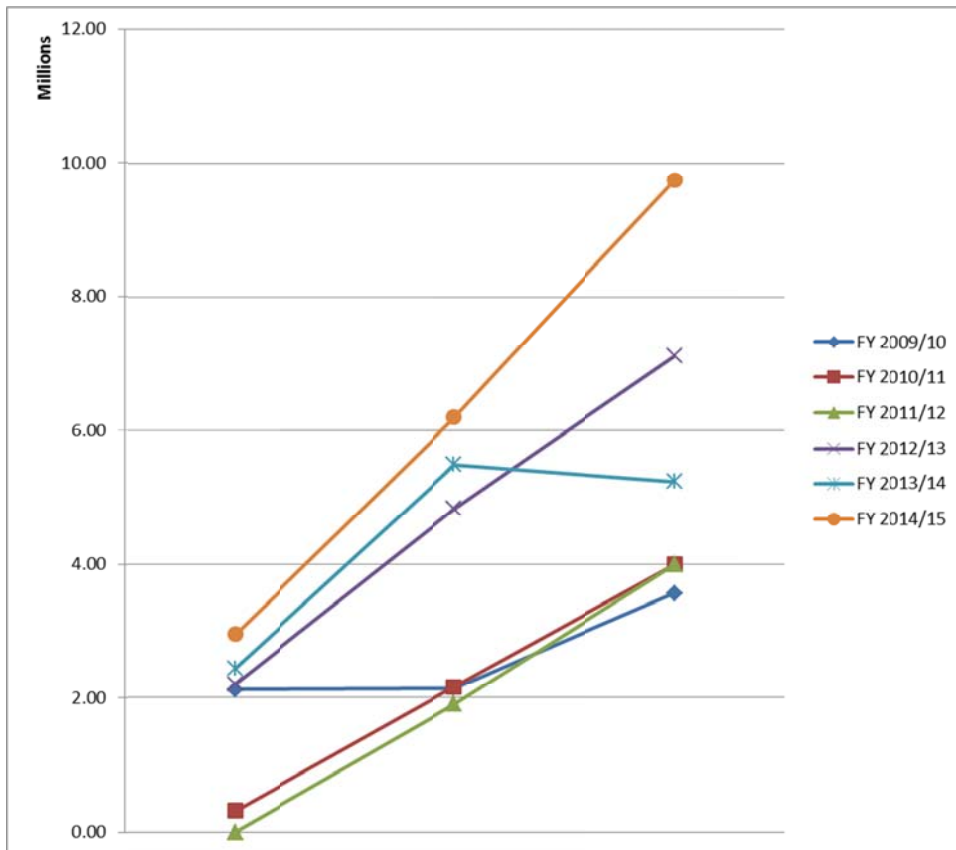
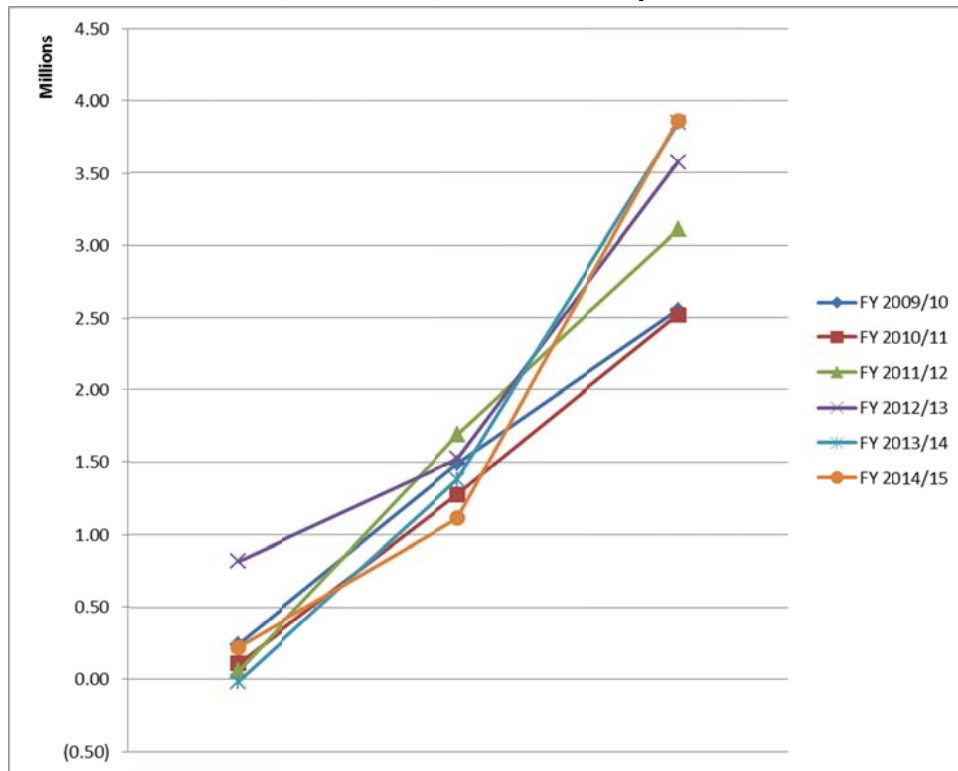


Chart 10. MVU First Quarter Expense Trends



SUMMARY

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

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

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

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CITY OF MORENO VALLEY: FY 2013/14 YEAR END BUDGET REVIEW
FY 2014/15 FIRST QUARTER BUDGET REVIEW

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



Presentation Overview

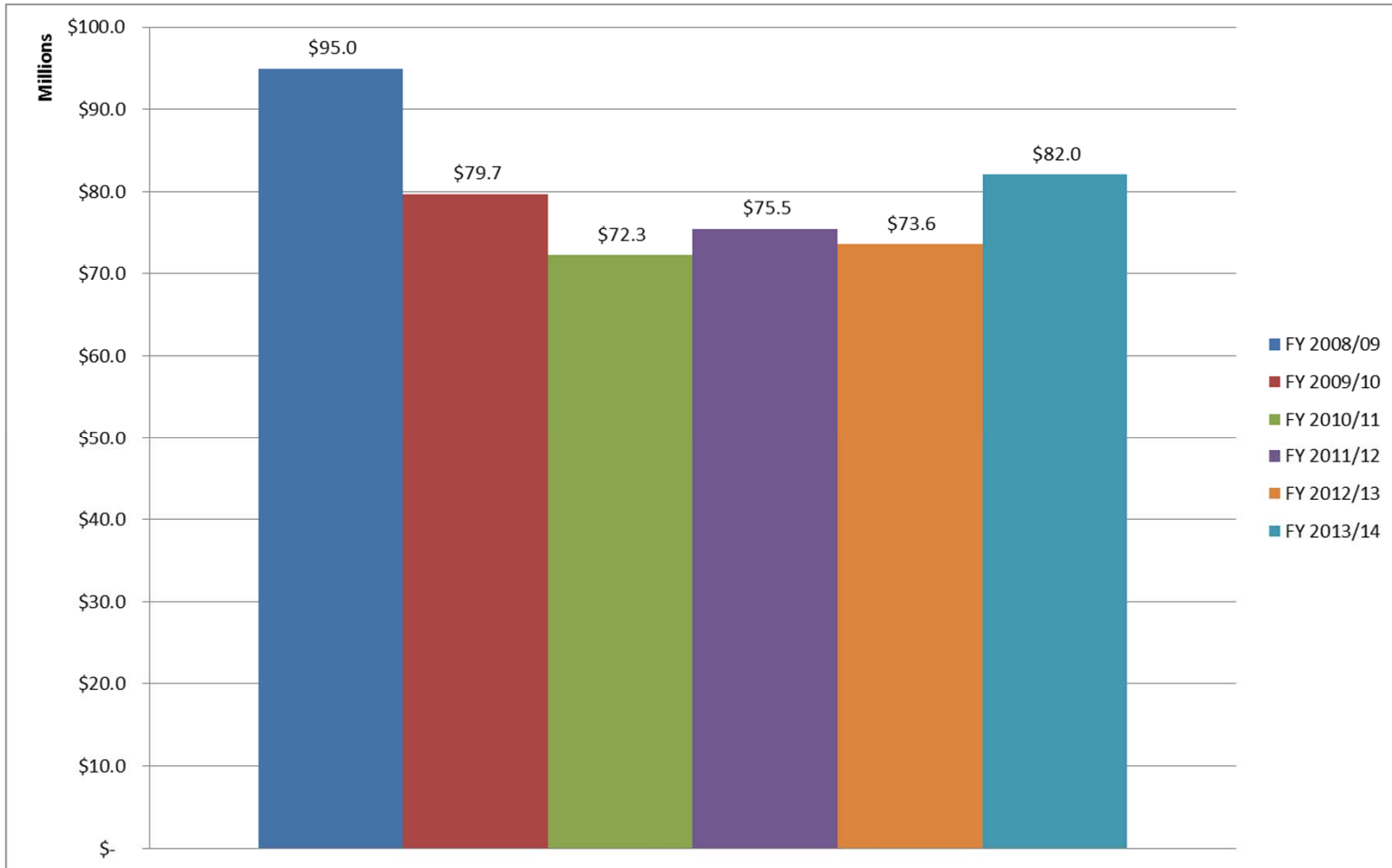
- Review of FY 2013/14 Year End Results
- FY 2014/15 First Quarter Budget Review
- FY 2014/15 Recommended Changes

FY 2013/14 General Fund Operating Results - Revenues

- Results within 4% of budget
- Reflects positive growth and one-time revenues

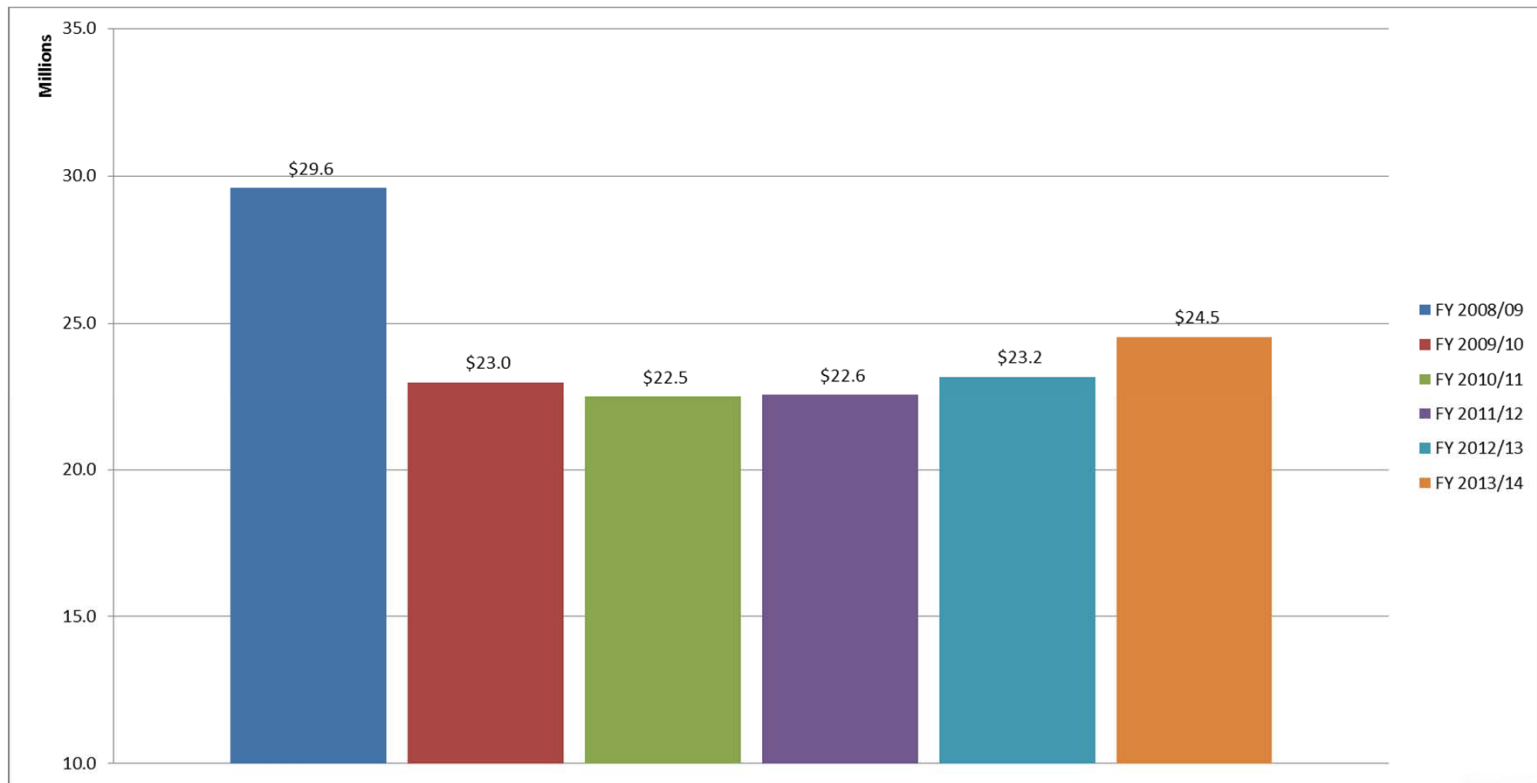
	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	Variance \$	% of Amended Budget
Revenues:				
Taxes:				
Property Tax	\$ 9,647,100	\$ 10,668,782	\$ 1,021,682	111%
Property Tax in-lieu	13,840,000	13,871,754	31,754	100%
Utility Users Tax	16,114,000	15,595,141	(518,859)	97%
Sales Tax	15,570,000	15,887,130	317,130	102%
Other Taxes	7,965,000	8,576,927	611,927	108%
Licenses & Permits	1,764,000	2,164,752	400,752	123%
Intergovernmental	235,000	311,510	76,510	133%
Charges for Services	9,224,707	9,896,025	671,318	107%
Use of Money & Property	2,688,000	2,836,585	148,585	106%
Fines & Forfeitures	601,500	577,961	(23,539)	96%
Miscellaneous	51,400	492,820	441,420	959%
Transfers In	1,247,063	1,163,421	(83,642)	93%
Total Revenues	\$ 78,947,770	\$ 82,042,808	\$ 3,095,038	104%

FY 2013/14 General Fund Operating Results - Revenues



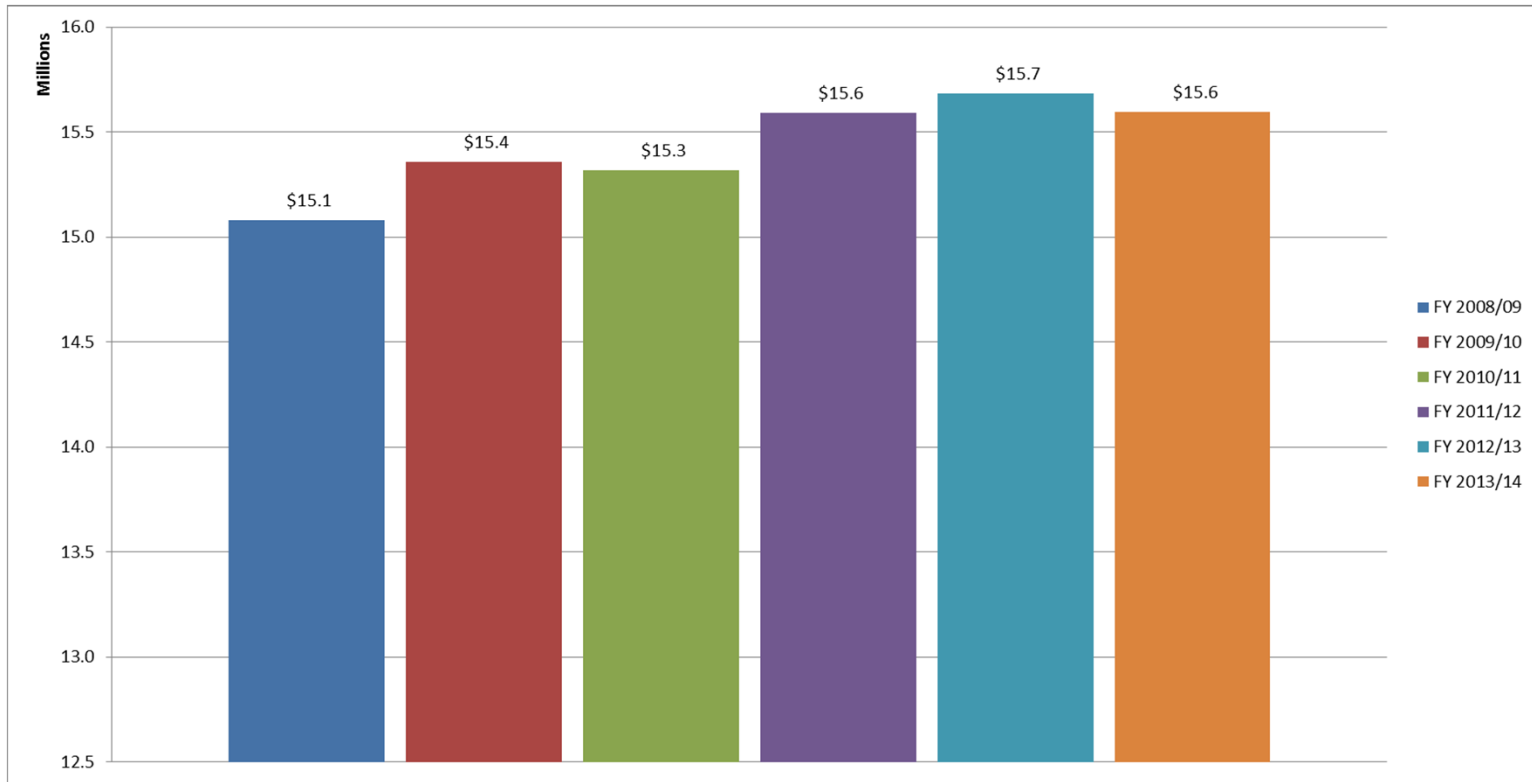
FY 2013/14 General Fund Operating Results

- Property Tax Revenues
- Results within 4.5% of budget
- Growth from:
 - County adjustments to assessment appeals
 - Prior redevelopment redistribution



FY 2013/14 General Fund Operating Results

- Utility Users Tax Revenues
- No growth due to:
 - Lower natural gas prices
 - Cell phone costs decreases due to bundling and competitive pricing



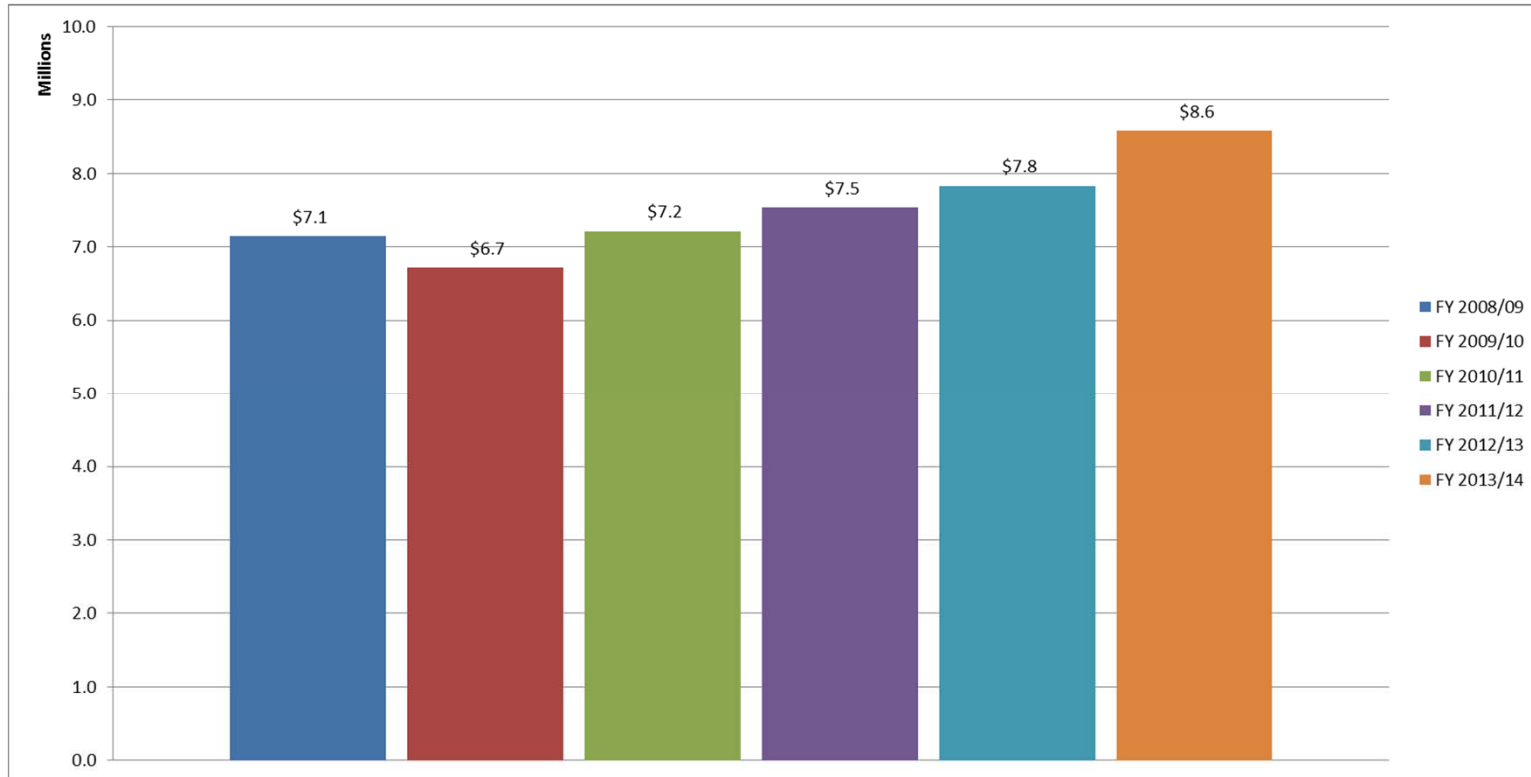
FY 2013/14 General Fund Operating Results

- Sales Tax Revenues
- Budgeted to increase approx. 11%
- May stabilize in the future



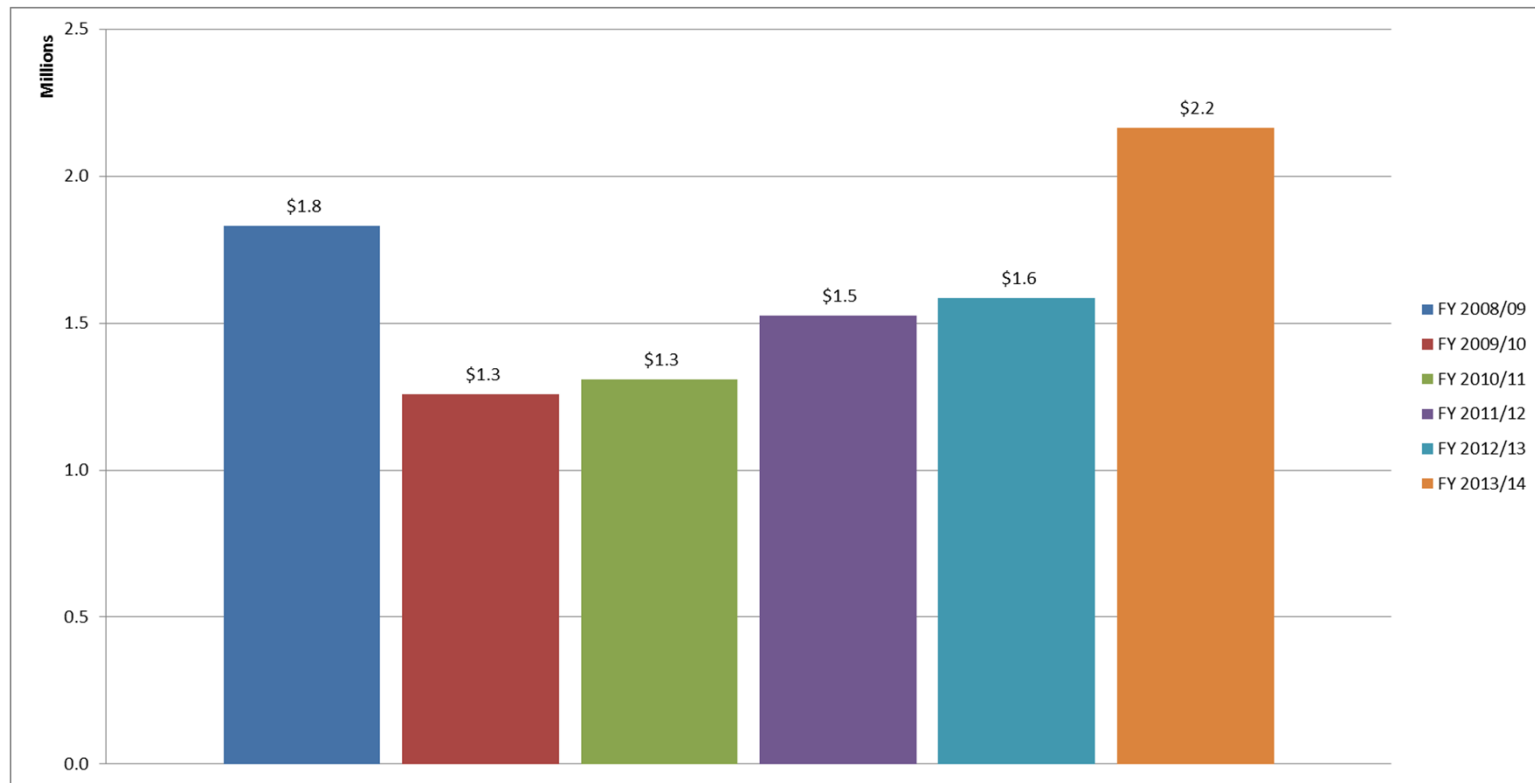
FY 2013/14 General Fund Operating Results

- Other Tax Revenues
- Growth seen in Transient Occupancy Tax and Business Taxes



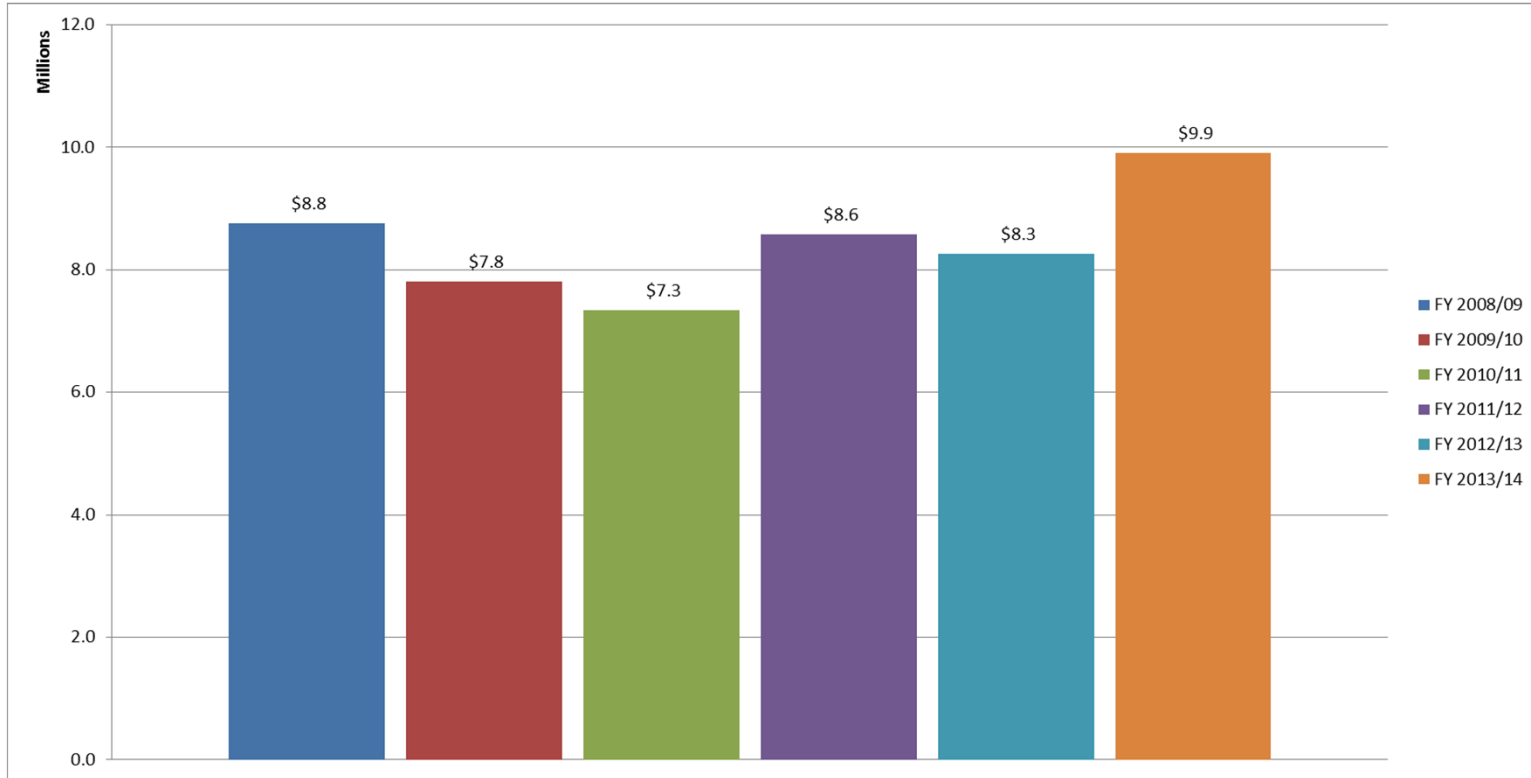
FY 2013/14 General Fund Operating Results

- Licenses and Permits Revenues
 - Business and Animal Licenses, along with Building, Electrical, Mechanical, Plumbing and other permits
- Growth due to new development



FY 2013/14 General Fund Operating Results

- Charges for Services Revenues
 - Includes Plan Check Fees for Building & Safety, Fire, and Engineering
- Growth due to new development

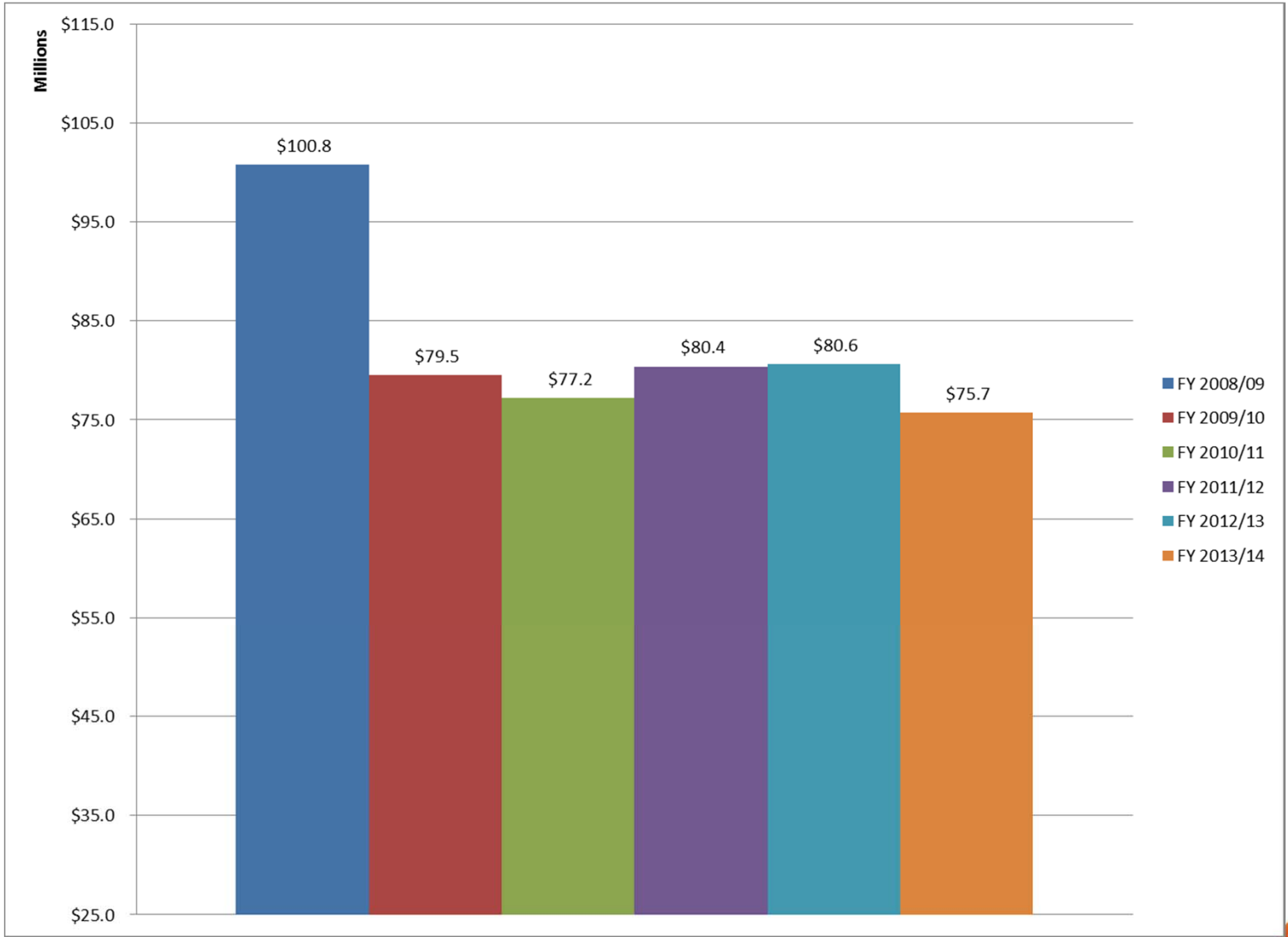


FY 2013/14 General Fund Operating Results - Expenses

- Results within 4% of budget
- Reflects increased cost controls and savings

Department	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	Variance \$	% of Amended Budget
City Council	\$ 654,113	\$ 642,586	\$ (11,527)	98%
City Clerk	541,202	573,397	32,195	106%
City Manager	1,917,210	1,915,196	(2,014)	100%
City Attorney	776,045	869,430	93,385	112%
Community & Economic Development	5,714,662	5,344,293	(370,369)	94%
Financial & Management Services	3,091,265	2,844,704	(246,561)	92%
Administrative Services	3,764,674	3,544,102	(220,572)	94%
Public Works	4,465,001	3,974,832	(490,169)	89%
Non-Departmental	2,796,980	3,435,439	638,459	123%
Non-Public Safety Subtotal	23,721,152	23,143,979	(577,173)	98%
Public Safety				
Police	37,552,195	36,042,648	(1,509,547)	96%
Fire	17,507,212	16,545,719	(961,493)	95%
Public Safety Subtotal	55,059,407	52,588,366	(2,471,041)	96%
Total	\$ 78,780,559	\$ 75,732,346	\$ (3,048,213)	96%

FY 2013/14 General Fund Operating Results - Expenses



FY 2013/14 General Fund Results

Revenues		82,042,808
Expenditures		(75,732,346)
Net Operations	\$	6,310,462
CIP Expenditures		(128,912)
Net Change of Fund Balance	\$	6,181,550

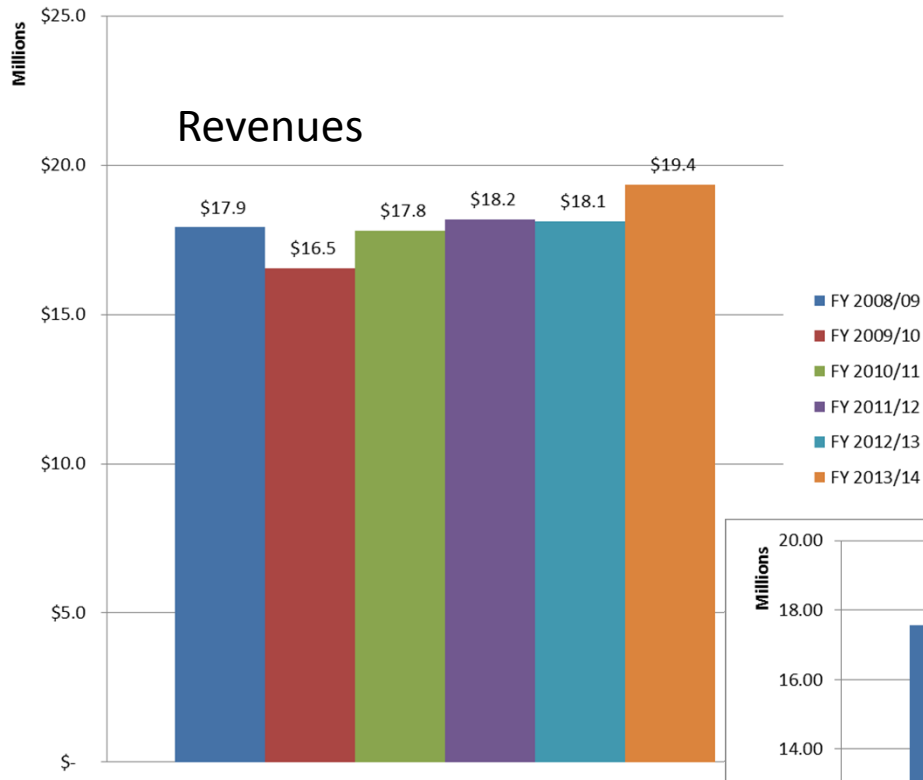
Fund Balance Summary	FY 2012/13	FY 2013/14	Variance
Assigned/Restricted	\$ 8,845,251	\$ 13,019,130	\$ 4,173,879
Unassigned	25,528,774	27,536,445	2,007,671
Total Fund Balance	\$ 34,374,025	\$ 40,555,575	\$ 6,181,550

- Unassigned funds may be used to cover annual cash flow requirements and reserves.

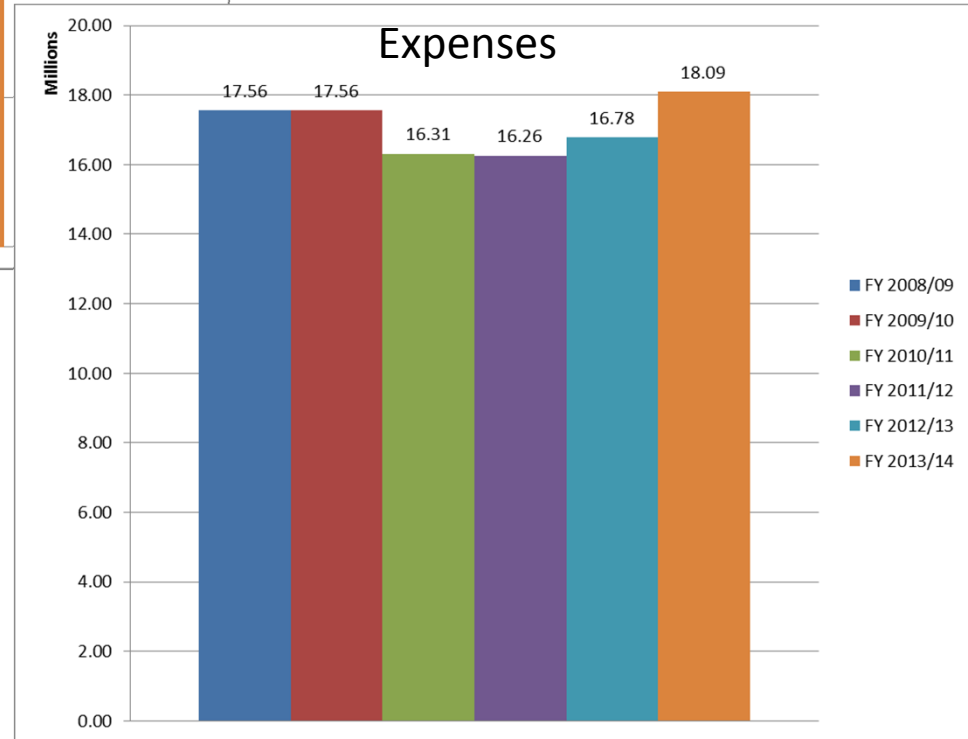
FY 2013/14 Community Services District Operating Results

	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 3,188,300	\$ 3,612,752	113.3%
Other Taxes	6,322,000	6,350,448	100.4%
Intergovernmental	-	4,660	
Charges for Services	5,865,531	5,958,398	101.6%
Use of Money & Property	614,221	725,735	118.2%
Fines & Forfeitures	50,000	41,980	84.0%
Miscellaneous	20,580	480,449	2334.5%
Transfers In	2,459,771	2,183,135	88.8%
Total Revenues	18,520,403	19,357,557	104.5%
Expenditures:			
Library Services Fund (5010)	\$ 2,145,013	\$ 2,122,497	99.0%
Zone A Parks Fund (5011)	9,343,871	8,688,301	93.0%
LMD 2014-01 Residential Street Lighting Fund (5012)	1,683,805	1,506,095	89.4%
Zone C Arterial Street Lighting Fund (5110)	1,188,385	1,101,899	92.7%
Zone D Standard Landscaping Fund (5111)	1,096,642	1,042,870	95.1%
Zone E Extensive Landscaping Fund (5013)	2,628,085	2,205,414	83.9%
Zone M Median Fund (5112)	285,224	244,721	85.8%
CFD No. 1 (5113)	1,226,277	1,129,789	92.1%
Zone S (5114)	66,328	47,422	71.5%
Total Expenditures	19,663,630	18,089,007	92.0%
Net Change or Adopted Use of Fund Balance	\$ (1,143,227)	\$ 1,268,550	

FY 2013/14 Community Services District Operating Results



- Voter approved services and charges



FY 2013/14 Community Services District Operating Results

- Parks and Community Services - Zone A

	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
Revenues:			
Taxes:			
Property Tax	\$ 1,709,000	\$ 1,880,818	110.1%
Other Taxes	4,900,000	4,945,843	100.9%
Charges for Services	1,067,122	1,036,384	97.1%
Use of Money & Property	583,900	578,517	99.1%
Miscellaneous	18,100	15,018	83.0%
Transfers In	424,136	307,500	72.5%
Total Revenues	8,702,258	8,764,080	100.7%
Expenditures:			
35010 Parks & Comm Svcs - Admin	\$ 591,679	\$ 631,654	106.8%
35210 Park Maintenance - General	3,237,870	2,850,318	88.0%
35211 Contract Park Maintenance	464,403	309,200	66.6%
35212 Park Ranger Program	384,056	351,687	91.6%
35213 Golf Course Program	264,804	281,470	106.3%
35214 Parks Projects	180,534	194,936	108.0%
35310 Senior Program	620,371	555,658	89.6%
35311 Community Services	198,218	160,680	81.1%
35312 Community Events	95,881	108,198	112.8%
35313 Conf & Rec Cntr	632,947	568,610	89.8%
35314 Conf & Rec Cntr - Banquet	331,004	307,303	92.8%
35315 Recreation Programs	1,787,911	1,853,783	103.7%
35317 July 4th Celebration	143,893	122,017	84.8%
95011 Non-Dept Zone A Parks	410,300	392,787	95.7%
Total Expenditures	9,343,871	8,688,301	93.0%
Net Change or Adopted Use of Fund Balance	\$ (641,613)	\$ 75,779	

FY 2013/14 Moreno Valley Utility Operating Results

- Moreno Valley Utility (MVU) manages the operation, maintenance and business planning of the City's electric utility.

	FY 2013/14 Amended Budget	Actuals as of 6/30/2014 (unaudited)	% of Amended Budget
Revenues:			
Charges for Services	\$ 18,915,548	\$ 20,627,687	109.1%
Use of Money & Property	80,500	91,064	113.1%
Miscellaneous	123,488	1,302,521	1054.8%
Transfers In	150,000	904,032	602.7%
Total Revenues	19,269,536	22,925,304	119.0%
Expenditures:			
45510 Electric Utility - General	\$ 16,238,850	\$ 17,716,625	109.1%
45511 Public Purpose Program	1,199,111	931,102	77.6%
45520 2007 Taxable Lease Rev Bonds	1,835,144	1,841,425	100.3%
45530 2005 Lease Revenue Bonds	302,441	294,364	97.3%
96030 Non-Dept 2005 Lease Revenue Bonds	-	-	
96031 Non-Dept 2013 Refunding 05 LRB	20,322	17,792	
Total Expenditures	19,595,868	20,801,308	106.2%
Net Change or Adopted Use of Fund Balance	\$ (326,332)	\$ 2,123,996	

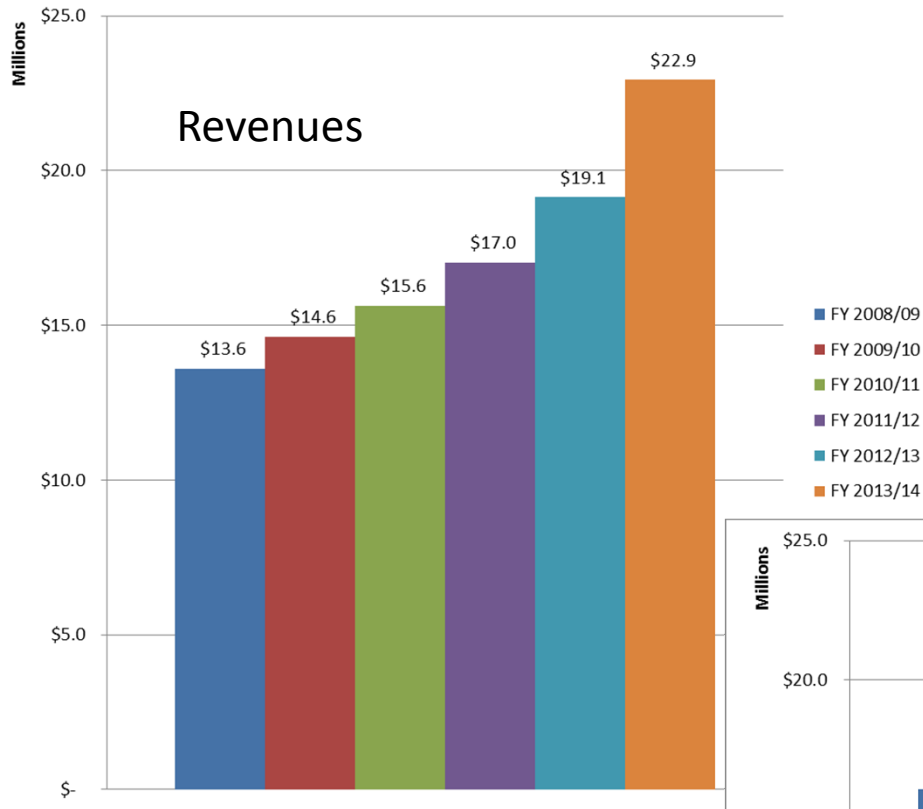
FY 2013/14 Moreno Valley Utility Operating Results

Revenues		22,925,304
Expenditures		(20,801,308)
Net Operations	\$	2,123,996
Net Investment in infrastructure		(235,602)
Net Change of Fund Balance	\$	1,888,394

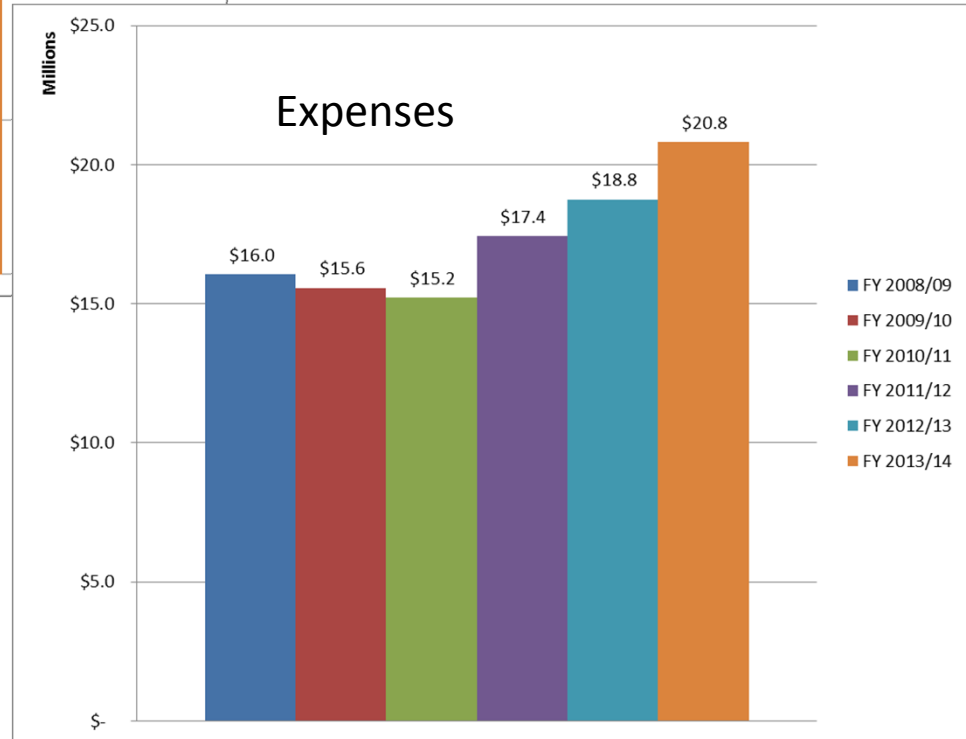
Fund Balance Summary	FY 2012/13	FY 2013/14	Variance
Restricted - Public Purpose	3,444,969	3,903,663	458,694
Inv in Capital Assets	9,052,878	9,569,296	516,418
Unrestricted	(652,825)	260,457	913,282
Total Fund Balance	\$ 11,845,022	\$ 13,733,416	\$ 1,888,394

- Unrestricted funds may be used to cover annual cash flow requirements and reserves.

FY 2013/14 Moreno Valley Utility Operating Results



- Reflects continued growth of the utility



FY 2014/15 General Fund Operating Results – First Quarter

- Revenues
 - In-line with projections
 - Major revenues sources may not occur in the first quarter

	FY 2014/15 Adopted Budget	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
Revenues:				
Taxes:				
Property Tax	\$ 9,803,900	\$ 11,083,551	\$ 0	0.0%
Property Tax in-lieu	13,890,000	14,912,136	-	0.0%
Utility Users Tax	16,428,000	15,912,000	3,184,284	20.0%
Sales Tax	16,420,000	17,638,770	1,147,380	6.5%
Other Taxes	8,185,000	8,266,100	736,806	8.9%
Licenses & Permits	1,519,200	1,519,200	465,652	30.7%
Intergovernmental	235,000	235,000	39,299	16.7%
Charges for Services	8,977,274	9,342,770	2,010,638	21.5%
Use of Money & Property	2,589,600	2,589,600	(176,625)	-6.8%
Fines & Forfeitures	606,500	606,500	70,785	11.7%
Miscellaneous	51,400	281,400	247,106	87.8%
Total Revenues	\$ 78,705,874	\$ 82,387,027	\$ 7,725,324	9.4%

FY 2014/15 General Fund Operating Results – First Quarter

- Expenses
 - Three months or 25% of the year has passed
 - In-line with projections

Department	FY 2014/15 Amended Budget	Actuals as of 9/30/2014 (unaudited)	% of Amended Budget
City Council	\$ 668,537	\$ 135,896	20.3%
City Clerk	662,185	114,556	17.3%
City Manager	1,863,226	382,844	20.5%
City Attorney	619,963	208,006	33.6%
Community & Economic Development	5,828,344	1,230,548	21.1%
Financial & Management Services	3,472,927	658,282	19.0%
Administrative Services	3,993,099	808,980	20.3%
Public Works	4,692,049	848,341	18.1%
Non-Departmental	3,575,470	1,416,769	39.6%
Non-Public Safety Subtotal	25,375,800	5,804,222	22.9%
Public Safety			
Police	39,476,236	9,390,484	23.8%
Fire	18,472,564	4,294,666	23.2%
Public Safety Subtotal	57,948,800	13,685,150	23.6%
Total	\$ 83,324,600	\$ 19,489,372	



Financial Updates

- March 2015: FY 2014/15 Mid-Year Budget Adjustments

FY 2015/16-2016/17 Budget Process

- Dec. 2014 – May 2015: Council Briefings
- **Jan. 13, 2015:** **Fiscal Challenges**
- Jan. – March 2015: Study Sessions
- April – June 2015: Public Hearings
- June 2015: Budget Adopted