

**City of Moreno Valley
Finance Subcommittee Meeting
Minutes of April 22, 2025**

1. Call to Order

Council Member Cheylynda Barnard called the meeting to order at 3:54 pm. The following attendees were present at the meeting:

Subcommittee Members:

Edward Delgado, Council Member (alternate for Mayor Cabrera)
Cheylynda Barnard, Council Member

Staff Members:

Brian Mohan, City Manager
Launa Jimenez, Assistant City Manager
Dena Heald, Chief Financial Officer/City Treasurer
Christina Zepeda, Executive Assistant
Felicia London, Deputy Finance Director
Natalia Lopez, Financial Resources Division Manager
Stephanie Cuff, Senior Management Analyst
Anna Chacon, Purchasing & Sustainability Division Manager
Diana Vargas, Senior Management Analyst
Allen Lopez, Management Assistant
Dannette Fortin, Management Assistant
Quang Nguyen, Capital Projects Principal Engineer

2. Public Comments

None

3. Approval of Minutes

ACTION: Council Member Delgado motioned to approve the meeting minutes of March 25, 2025, and Council Member Barnard seconded to approve the minutes.

4. Action Items

NONE

5. Advisory Items

- A. ADOPTION OF RESOLUTION TO ESTABLISH A PROJECT LIST FOR THE FISCAL YEAR 25/26 SENATE BILL 1 FUNDING FOR CITY PAVEMENT REHABILITATION AND PRESERVATION (RESO. NO. 2025-XX)

Natalia Lopez, Financial Resources Division Manager, advised that SB 1 addresses basic road maintenance, rehabilitation, and critical safety needs on



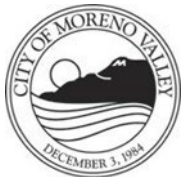
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State highways, local streets, and roads. Funds are generated via fuel excise taxes and vehicle registration fees, and a portion is allocated by formula to eligible cities and counties for basic road maintenance, rehab, and critical safety projects. Prior to receiving the annual allocation of the formula-based SB1 funds, local agencies must submit a project list to the California Transportation Commission CTC prior to July 1, 2025. The project list must include a description and the location of each street segment, a proposed schedule for the project completion, and the estimated useful life of the improvements. The project list does not limit the flexibility of an eligible city to fund projects in accordance with local needs and priorities, so long as the projects are consistent with SB1 funding priorities. In addition to submitting a proposed list of projects to CTC for approval to remain eligible for SB1 funds, local agencies are required to submit annual documentation required regarding the completed projects, file an annual report of expenditures with the State Comptroller's Office, sustain a maintenance of effort (MOE) and follow guidelines developed by the California Workforce Development Board that address participation and investment in, or partnership with, new or existing pre-apprenticeship training programs.

The City is scheduled to receive an estimated \$5.4 million in SB1 funding for fiscal year 25/26. With the recent historical investment by the Council of \$50,000,000 in 2022, and \$20 million in the current CIP, there is still roughly \$150 million of deferred maintenance needs. The street segment selected for fiscal year 25/26 project list is part of the five-year 'Look Ahead' pavement management plan approved by City Council on April 1, 2025. In the effort to maximize the available budget, additional street segments for this five-year 'Look Ahead' plan may be included in the project list as additive bids, but may not be constructed depending upon bids received for the proposed segments. Staff recommend that the City Council authorize the Public Works Director/City Engineer to make minor modifications to the limits of work on individual street segments to accommodate any latest changes in private property development or other conflicting capital improvement plan projects that may arise prior to bidding for the construction project. Additionally, staff also recommend authorizing the Public Works Director/ City Engineer to make minor modifications to comply with any changes in the CTC procedures or forms to avoid delays.

Council Member Delgado and Council Member Barnard asked no further questions.

B. REVIEW OF FISCAL YEAR 2025/26 FIXED CHARGES FOR SPECIAL FINANCING



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Felicia London, Deputy Finance Director, advised that each year, the City Council reviews and approves the maximum and applied rates for the City's Special Financing Districts (CSDs, LMDs, and CFDs) prior to submission to the County of Riverside to be included with the property tax roll. This item will be presented at the City Council meeting on May 20, 2025. The proposed annual rates are a continuation of the rates previously applied by the qualified electors to be levied on the property tax bills. There are no increases proposed to the rates other than an annual adjustment, provided it was previously approved by the qualified electors. Revenue received for each district is restricted and can only be used in the district and for the purposes for which it was collected. Approval of the fixed charges includes setting the maximum rates and the annual applied rates. The maximum rates are calculated using the formula and terms approved by the qualified electors (for example, application of annual inflationary adjustment). The legislative body can levy any amount up to the maximum rate on the property tax bills. The amount levied on the property tax bill is calculated using the applied rates. The applied rates are the amounts necessary to fund the estimated expenditures for the district (for example, electricity for street lighting), including administration and reserves, for the upcoming fiscal year. The applied rate can be lower, but it cannot be higher than the maximum rate. The proposed annual applied rates are consistent with each program and estimated budgets. They are calculated based on the information available at the time this report was prepared. The Consumer Price Index increase proposed for most districts is 3.42%, based on the Los Angeles CPI. The newest Parks Maintenance District and Public Safety District use the Riverside CPI, which was 2.61% for calendar year 2024. Staff conducted a review for any potential conflicts of interest, with the assistance of the City Attorney, and it has been determined that there are no conflicts for the City Council or CSD Board members.

Council Member Delgado and Council Member Barnard asked no further questions.

C. ADOPTION OF THE FISCAL YEAR 25/26 THROUGH 26/27 OPERATING BUDGET (RESO. NOS 2025-XX, CSD 2025-XX, HA 2025-XX, SA 2025-XX, MVCF 2025-XX)

Brian Mohan, City Manager, advised that our budget development process is based on policies, best practices, and our strategic plan. Ultimately, what will go to Council is considered a rollover budget. The Council will approve various investments that have occurred over the last budget cycle, including this particular document, as well as the current recessionary fears in mainstream media



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headlines. The staff have taken a conservative approach in developing this particular budget to ensure that those investments previously made by the Council are still intact, and there have been no reductions within any programs, departmental budgets, or services. The increase in expenditures and revenues from the \$161.1 million amended budget for 2025 is increasing to \$177.9 million in the General Fund, which is a 10.4% increase in the first year. That 10.4% increase covers the recently approved Council MOU negotiated items, as well as anticipated vendor increases related to the inflationary period that we're currently in. The second year General Fund increases from \$177.9 million to \$188.9 million, which is only a 6.2% increase. That starts falling compared to the first year over 2025, amended, and is covering MOU increases recently approved by Council, along with the reduction in some of the inflationary period in which vendors are requesting increases, as opposed to the second year. From an outlook over the next two years, we anticipate that next year, the inflationary period will be tapering off, and it all stems from what the feds are doing with the Federal Open Market Committee and with the rate they're setting. We feel they will ultimately start dropping after some of the tariff issues are resolved. This is the overview of the rollover budget.

Every effort has been made to ensure that all our policies, our strategic priorities of the momentum model from 2016/2017, were reapproved in 2023 by Council as the guiding document for strategic priorities. All of this is continuing; the only thing new for this particular budget is the voter-approved Measure U from November 2023. For transparency purposes, staff have decided to create a new fund. We can show the residents and constituents the actual monies coming in, the expenditure going out, and any remaining fund balance the City is spending. The ballot language stated that we had an estimate that the tax transaction would generate about \$30 million. Everything else within the budget will be highlighted in the staff report. We are maintaining the public safety infrastructure, quality of life, youth programs, library, and economic development items previously budgeted in this current budget cycle.

There is one change in the ASES grant program, which is the afterschool grant the California Department of Education notified the City that the particular funding source, which was approved by a voter and ultimately implemented well over two years ago, was implemented incorrectly. Unfortunately, the California Department of Education should never have been distributing the money to local jurisdiction municipalities and should have been given to the school districts. Although we are showing the \$9.3 million worth of ASES grant programming in the budget highlights, there is a note that this program is no longer being budgeted and is transitioning to the Unified School District. The City is working through this transitional period, which is coming this next fiscal year, and this particular item will drop off in the future budget highlights. From a budgetary standpoint, that money



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has already been removed. Regarding economic environment and strategic priorities, we are stating that we are mindful of potential recessionary fears, that it is a rollover budget, and we are trying to maintain prudence and best practices related to the budget, and therefore reinvest what is available based on strategic priorities. This will go to Council on May 6, 2025.

Council Member Delgado and Council Member Barnard asked no further questions.

6. Chief Financial Officer/City Treasurer Comments

Dena Heald, Chief Finance Officer/City Treasurer, advised that the next Finance Subcommittee meeting is scheduled for May 27, 2025, and all future meetings are on the Fourth Tuesday of each month at 3:45 pm.

7. Council Member Comments

Council Member Delgado and Council Member Barnard thanked staff and participants.

8. Adjournment

Meeting adjourned at 4:19 P.M.



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Prior Meeting Attendance

Board Member	10/22/24	11/26/24	12/24/24	1/28/25	2/25/25	3/25/25	4/22/25
Mayor Ulises Cabrera	NM	NM	NM	NM	X	X	
Mayor Pro Tem Cheylynda Barnard	NM	NM	NM				
Council Member Ed Delgado (Alternate)							X
Council Member Cheylynda Barnard				NM	X	X	X

Board Member	5/27/25	6/24/25	7/22/25	8/26/25	9/23/25	10/28/25	
Mayor Ulises Cabrera	NM	NM	NM	NM	NM	NM	
Council Member Cheylynda Barnard	NM	NM	NM	NM	NM	NM	
Council Member Ed Delgado (Alternate)							