

DEFICIT ELIMINATION PLAN



Fiscal Years 2011/12-2013/14



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Fiscal Year
2011/12-
2013/14

CITY COUNCIL
Richard A. Stewart
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Jesse L. Molina
Mayor Pro Tem

William H. Batey II
Council Member

Marcelo Co
Council Member

Robin N. Hastings
Council Member

ADMINISTRATION
Henry Garcia
City Manager

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Financial & Administrative
Services Director



Prepared by the
**Financial &
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DEFICIT ELIMINATION PLAN

Fiscal Years 2011/12-2013/14

To: Honorable Mayor, Members of the City Council and Citizens of Moreno Valley

Message from the City Manager

The City of Moreno Valley continues to reel from the impacts of the Great Recession, the worst economic crisis since the Great Depression 80 years ago. City operations rely on revenues that are generated through economic stability, activity, and, ideally, growth. During the recession, the City's General Fund revenue base declined from a high of \$97.8 million budgeted in FY 07/08 to a low of \$68.0 million in FY 10-11, representing a reduction of \$29.8 million or 30.4% in just three years.

The encouraging news is that the recession has been declared over, having experienced several quarters of positive economic growth. The City is seeing the effects of the end of the recession in the form of stable and slightly growing revenues. This stabilization of the City's revenue base now provides an opportunity to focus on aligning the City's General Fund expenditures to the stable, albeit lower, revenue base.

City staff is projecting an ongoing expenditure budget of approximately \$84 million for FY 11-12, while revenues are projected to grow from the current low point of \$68 million to \$70 million in the General Fund. While we initially started our deficit elimination process with a working projection of a \$15.4 million structural deficit in the General Fund, this \$2 million growth in revenue reduces the structural deficit to \$14 million.

The economic recovery has begun, but it is the consensus of regional and national economists that the recovery will be slow and gradual. The Deficit Elimination Plan (DEP) presented focuses primarily on bringing the City's budget into balance by reducing expenditures, since this is the area where the City Council has the greatest control. However, I believe it is important to maintain an aggressive focus on increasing the City's revenue base from every angle possible to minimize reductions in programs and services. With a stronger revenue base, as the recovery begins to pick up steam within the next few years the City will be able to restore and enhance valuable services.

The City's Executive Management Team has devoted significant effort to identify every possible cost reduction. The City's expenditure budget just three years ago was at a peak of \$97.8 million. Since FY 2007-08, General Fund budgeted expenses have been reduced by \$14 million, including the elimination of 70 positions in the General Fund representing 25% of the work force (a total of 124 positions have been eliminated overall). We need to continue reductions at this same rate, lowering expenditures by

another \$14 million over the next three years. The proposed DEP eliminates a total of 46 positions (32 are General Fund supported), of which 41 are filled. The choices that the City Council will be presented in this Deficit Elimination Plan will be very difficult to make, as many of the proposed cuts and reductions included in the Deficit Elimination Plan will impact programs and service levels. Unfortunately, there are few alternatives to reducing \$14 million in expenditures without impacting important services. Our challenge is to maintain core services with an emphasis on retaining as much public safety services as financially possible.

The net result of the Deficit Elimination Plan is to bring the revenues and expenses nearly into balance by the third year of the plan. The most critical aspects are the reductions in the first two years. These make very significant progress in bringing expenditures in line with the stable revenue base. I look forward to engaging the City Council in the discussion, review and identification of possible options and alternatives the Council may have, with an emphasis on meeting the budget reduction goals within the timeframe of the plan. I am recommending that the City Council approve the plan as a framework for balancing the budget over a three fiscal year period, and direct staff to include the first two years of the plan into a two-year proposed budget for the City for Fiscal Years 11-12 and 12-13. The third year of the plan comes just short of reaching the final cuts necessary to get the budget into balance, based on today's estimates. I propose that these reductions be reviewed and discussed as options, and be revisited in 12 months. At that time staff will have better information on the strength of the economic recovery and the actual extent of further expenditure reductions that may be needed to complete the budget balancing challenge.

The rest of this document includes pertinent information from the Financial and Administrative Services Director, including a summary of the recessionary impacts to the City's General Fund Budget and the cost pressures that will continue to challenge the City well into the future. The final section of this plan will present summary information of staff's proposals that constitute the Deficit Elimination Plan, which is primarily focused on expenditure and program reductions but also includes several revenue increase proposals.

I thank the City's Executive Management Team and dedicated staff for working very diligently toward meeting the reduction goals. I look forward to discussing these options with the Council to set the vision and future for the City, which will include a strong focus on new revenue generation in addition to the expenditure reductions presented here.

Henry T. Garcia
City Manager



DEFICIT ELIMINATION PLAN

Fiscal Years 2011/12-2013/14

Message from the Financial and Administrative Services Director

Background on the General Fund Deficit

Simply put, the \$14 million General Fund deficit is the result of a significant shortfall in revenues. The last time that the City's expenditure budget was in balance with the revenue budget was in FY 07/08. City revenues began a rapid decline over the following three years, resulting in operating deficits that were addressed with aggressive cost cutting, the return of General Fund subsidies previously made to other funds, and the use of reserves. Even after reducing expenditures by nearly 30% over the past three years, including a 25% reduction in the City's work force, our projected revenue of \$70 million falls far short of the \$84 million General Fund expenditure budget.

While the good news is that revenues have essentially "bottomed out" and are in fact rebounding, the revenues are not projected to improve anywhere near the pace required to meet our current spending levels. The City cannot continue to operate long term with what is in fact a structural deficit in the General Fund. Prior years' Deficit Reduction Plans have assisted in reducing expenditures while maintaining minimal impacts to services and programs to our residents. Staff is now presenting a 3-year Deficit Elimination Plan which we believe will ultimately cure the structural deficit, but only after significant, hopefully temporary, reductions in service levels which unfortunately will impact our community.

Key Long Term Cost Pressures

There are several key areas that need to be noted because they result in significant ongoing cost increases and budget liabilities, regardless of an economic recovery in the City. These include the following:

- Funding the retirement system;
- Unfunded liability for Retiree Medical benefits;
- Unfunded liability for compensated absences (vacation and paid leave time);
- Annual increases in public safety services contracts without corresponding service level increases;
- Bond Rating Agency monitoring of the City's financial condition;
- Declining fund balances in the General Fund;
- Increased demands on the General Fund to support additional services, such as subsidizing streetlighting costs;
- Slow growth in the City's major revenue sources

The existence of these key factors in the City's immediate future create the pressure to quickly and decisively deal with the current General Fund structural deficit. When the City successfully closes the budget gap over the proposed three year period, it will be in a stronger position to address and manage the key impact areas addressed in this section of the report. If the structural deficit is not adequately addressed per the proposed Deficit Elimination Plan, the factors summarized below will erode the City's financial position, require deeper reductions, and make it difficult if not impossible to take advantage of anticipated development opportunities in the near future.

Funding the Retirement System

The City has seen a rapid increase in the PERS retirement accrued liability from \$28 million in 2002 to \$109 million in 2009, a 283% increase in a seven-year period. The value of the assets funding the retirement liability has grown at a slower rate, increasing to \$78 million or 155% over the same seven year period. The result is a decrease in the Funded Ratio from 106% funded in 2002 to just 71% funded in 2009.

This rapid increase in the retirement liability was fueled by increases in staffing and normal increases in pay rates. The retirement liability also increased in FY 2006/07 when the benefit formula was revised from 2% at 55 to 2.7% at 55. The liability took another large jump in June 2009 reflecting significant changes in PERS actuarial assumptions and the first early retirement ("golden handshake") impact. There will be an increase in the 2010 accrued liability due to the second early retirement incentive offered in December 2009.

Table of PERS Retirement Actuarial Data for the City of Moreno Valley

Valuation Date	Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability AVA	Funded Ratio AVA	Funded Ratio MVA	Annual Covered Payroll
6/30/2002	28,597,500	30,564,460	(1,966,960)	106.9%	N/A	14,313,573
6/30/2003	35,236,196	32,434,425	2,801,771	92.0%	83.7%	16,033,586
6/30/2004	41,276,067	36,098,898	5,177,169	87.5%	86.0%	17,552,133
6/30/2005	52,487,232	41,214,897	11,272,335	78.5%	80.4%	19,082,187
6/30/2006	61,187,066	47,837,803	13,349,263	78.2%	82.1%	22,018,967
6/30/2007 *	75,316,003	58,733,315	16,582,688	78.0%	88.2%	26,023,541
6/30/2008	90,939,749	69,197,682	21,742,067	76.1%	75.6%	30,739,388
6/30/2009 **	109,758,482	78,175,287	31,583,195	71.2%	52.0%	26,384,952

* Increased benefit to 2.7% at 55 in September 2006

** Includes impact of first Early Retirement Offering and PERS demographic assumption changes

The growth in assets funding the liability has not met the same growth rate. This has been impacted by a large market loss experience by the PERS investment portfolio during FY 2008-09. The large loss caused the Market Value of the City's retirement assets to plunge to \$57 million, reflecting a 52% funded ratio based on market value.

The impact of the increased accrued retirement liability and the large investment loss has created an environment in which the City's employer contribution rate will increase about 2-3% annually for the next several years. PERS revised their actuarial methodology in response to the large investment loss to amortize the loss over a 30-year period. This minimized the increase to PERS agencies in the near term, but will lock in contribution rate increases for a number of years to recover the impact of the investment loss.

The employer rate has been fairly steady at a rate around 15% of payroll for the last several years. The rate for FY 2011-12 will now jump to over 19% and will increase by about 2-3% for the next several years. This will add an estimated \$300,000 to \$400,000 cost annually to the City's General Fund. Below is a table reflecting recent PERS rates for the City.

Fiscal Year	Employer Normal Cost	Unfunded Rate	Total Employer Contribution Rate
FY 2007-08	10.80%	4.27%	15.07%
FY 2008-09	10.83%	4.07%	14.90%
FY 2009-10	10.85%	4.12%	14.97%
FY 2010-11	10.95%	4.56%	15.51%
FY 2011-12	11.11%	8.24%	19.34%

Unfunded Liability for Retiree Medical Benefits

The City initiated a City-funded Retiree Medical Benefit in January 2001 for all employees that qualified for the benefit. This action was implemented at a time when City revenues were growing significantly; however, this action created an immediate unfunded liability. The City commissioned an actuarial study in January 2010 that identified an unfunded liability for this benefit of \$13.6 million, an increase of over \$3 million since June 2008. The City has contributed \$4.2 million to a trust established in 2009 which is administered by CalPERS. This leaves a remaining actuarial unfunded liability of \$9.4 million for retiree medical benefits. The report also identified an Annual Required Contribution (ARC) of \$1.6 million to fund both the cost of current retirees and amortization of the unfunded liability.

The pay-as-you-go portion of the ARC is continually increasing as additional employees retire. As a short-term measure, staff is proposing to suspend payments into the trust for a three-year period for the amortization of the unfunded liability (the City will still continue to support the "pay-as-you-go" cost each year). This will save approximately \$450,000 annually to the General Fund. However, as the actuarial reports are updated every two years, the ARC will increase and the future burden on the General Fund will be greater, hopefully this will not occur until such time when revenues have grown to fund this benefit.

Unfunded Liability for Compensated Absences

Unfunded liability for accrued compensated absences as of June 30, 2010 is \$4.1 million. By not funding at least a portion of this liability, the budget is exposed to paying out large lump sum payments as employees leave the employment of the City. Staff is recommending funding the current portion of this liability to strengthen the City's balance sheet and provide funding for unanticipated payouts as employees leave employment with the City. The current portion of this liability, or the amount that represents the value of leave accrued and expected to be used during the next 12 month period is \$1.9 million. Funding of this obligation can begin when the City's revenues begin to grow above 3% per year. A "Third Tier" benefit plan would address future unfunded accrual liabilities by decreasing the amount of leave new employees may accrue. "Third Tier" benefit plan proposals are subject to the meet and confer process.

Proposed "Third Tier" Benefit Plan as Recommended in the Deficit Elimination Plan

To address and assist in controlling the funding status of these large unfunded liabilities of the City, staff is recommending that a "third tier" of staff benefits be discussed as part of the meet and confer process. Key elements of the existing benefit plan that could be discussed in negotiations with the employee associations would include changing the following benefits for future employees: reducing the 2.7% at 55 retirement benefit, reducing or eliminating the retiree medical benefit, lowering the leave accrual rate and capping the accrual maximum limit.

Annual Increases in Public Safety Services Contracts (Without Corresponding Service Level Increases)

Past practice has been to budget a five percent increase each Fiscal Year to cover anticipated increases in the contract rate for the Riverside County Sheriffs Department. This primarily covered negotiated personnel cost increases, as well as other direct and administrative cost increases to provide police services to our community. A five percent increase in the contract rate increases the City's General Fund expenses by approximately \$1.5 million annually with no corresponding increase in service levels.

Similarly, the City also budgets for expected cost increases to the fire services contract provided by the CalFire through Riverside County. These costs typically represent annual increases of \$200,000 to \$400,000.

These built-in major cost increases to the public safety contract rates are outside of the City's control and are virtually "automatic" expense increases, regardless of the available revenue to pay these increases. This contract structure, along with the expected CalPERS pension cost increases, will consume the first \$2 million, or 3%, in revenue growth each year for the foreseeable future. In times of no revenue growth, the contract structure forces service level reductions or major cuts to other General Fund expenditures.

Bond Rating Agency Monitoring of the City's Financial Position (Downgrade likely if the Deficit is not eliminated)

Moody's and Standard and Poors regularly monitor the City's financial stability and provide the results of their review to the public in the form of a financial rating. Staff has worked with the analysts of both agencies to communicate the City's current financial condition to preserve a high bond rating. Maintenance of the current rating has largely been based upon past significant fund balances and a commitment to implement a 3-Year Deficit Elimination Plan to discontinue the use of reserves to balance the General Fund. Based on staff's explanation of the City's approach to balance its budget over a three-year period, Moody's maintained its rating of A2 for the City in November 2010. It remains imperative that the City deliver on this commitment to balance the General Fund budget to maintain its current strong bond rating.

Declining Fund Balances in the General Fund

The impact of deficit budgets during the past several fiscal years has significantly decreased the available fund balance or reserves in the General Fund. The table below compares the available fund balance in FY 2008-09 of \$44.3 million decreasing to a projected available fund balance of \$27.0 million at the end of FY 2010-11.

City of Moreno Valley
General Fund Fund Balance Summary
FY 2008-09 through FY 2010-11

	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>Projected</u> <u>June 30, 2011</u>	<u>Projected</u> <u>June 30, 2012</u>	<u>Projected</u> <u>June 30, 2013</u>	<u>Projected</u> <u>June 30, 2014</u>
General Fund Fund Balance "Available"						
Purchase of RDA Series B, Tax Allocation Bonds	22,500,000	22,500,000	-			
Long Term Payable Notes from RDA	1,399,289	652,248	-			
Undesignated	-	11,076,303	27,000,651	19,100,651	15,600,651	14,800,651
Designated for capital improvement projects	12,448,058	-	-			
Designated for Development Services	2,300,000	-	-			
Additional Fund Balance returned in FY 2009-10	5,618,200	5,618,200	-			
Total General Fund Fund Balance "Available"	44,265,547	39,846,751	27,000,651	19,100,651	15,600,651	14,800,651

Staff recommends maintaining a minimum fund balance of 20% of revenues, or about 2.5 months of revenue in fund balance for working capital and cash flow purposes. Staff is proposing to use approximately \$12.2 million in available undesignated fund balance as a component for the Deficit Elimination Plan. The plan earmarks \$7.9 million in fund balance use the first year and \$3.5 million to support the second year of the plan. From a balance of \$27 million at June 30, 2011, use of \$12.2 million to support the DEP will leave approximately \$14.8 million in fund balance for working capital as of July 1, 2014, which is near the recommended minimum level. This is a red flag that fund balances are reaching dangerously low levels in the General Fund to support a \$70 million annual operating budget.

It is imperative that staff and the City Council work together to achieve the balanced budget as outlined by the Deficit Elimination Plan to maintain the fund balance level above the \$14 million amount by June 30, 2014, the final year of the plan.

Increased Demands on the General Fund to Support Additional Services (such as Subsidizing Streetlighting Costs)

There are additional pressures affecting the General Fund budget. Currently staff is planning to include the subsidy for residential streetlights in the proposed plan for FY 2011-12 in the amount of \$675,000. Should this subsidy continue, it will force additional cuts to be able to absorb this expense within the City's General Fund revenue stream. In addition, a similar challenge with the Arterial Streetlight system needs to be solved, to prevent several hundred thousand dollars from impacting the General Fund. Staff cautions against this also becoming a burden on the City's General Fund when revenues are not available and will require other reductions if absorbed by the General Fund.

Slow Growth in the City's Major Revenue Sources

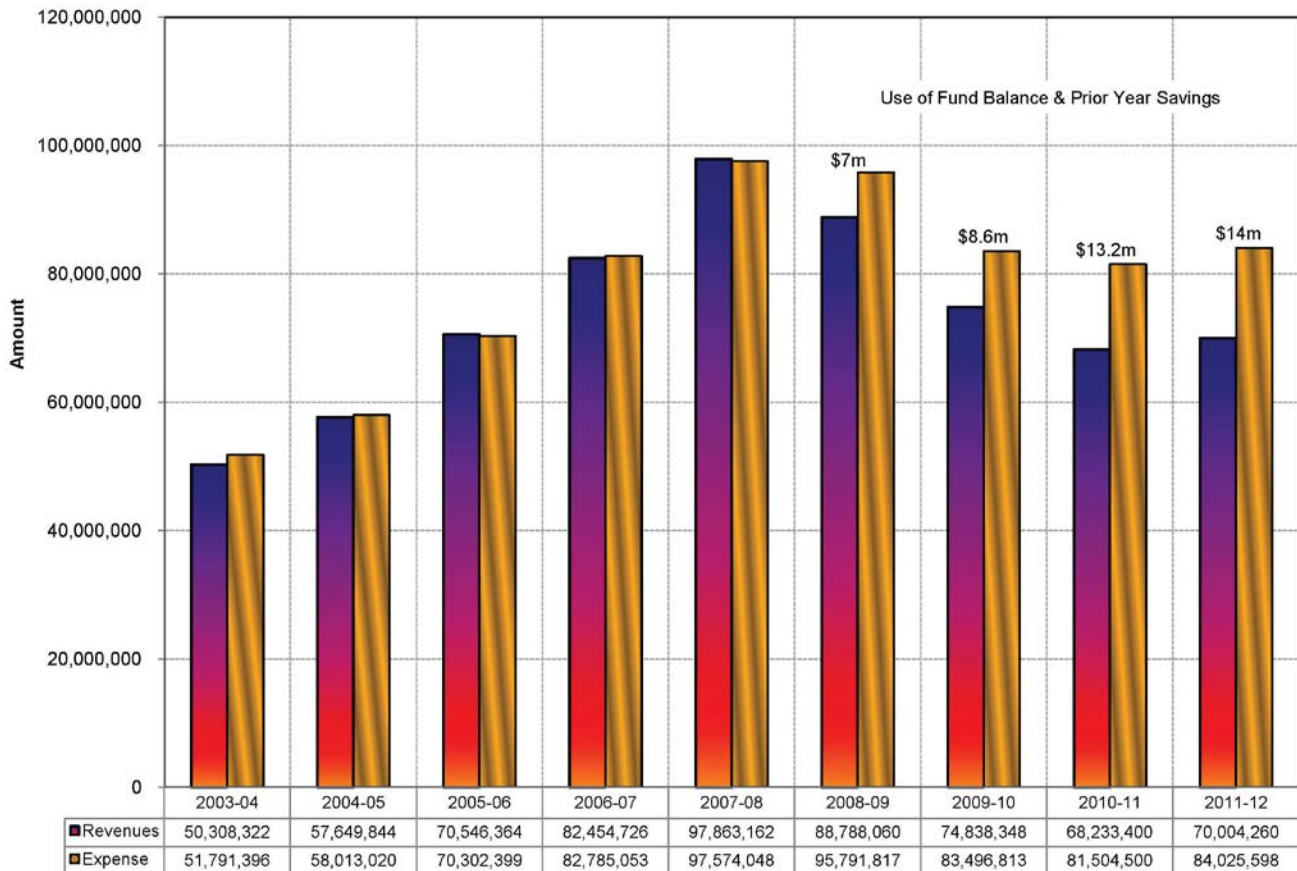
Staff monitors many economic reports from various financial sources. The recession officially ended in the third quarter of 2009 with positive GDP growth for that quarter and each quarter since. Economists' consensus is that the recovery from the Great Recession will be slow and gradual, particularly for cities and other government agencies. No rapid revenue recovery is projected. Staff anticipates overall revenue growth of approximately 2.5% - 3% for the General Fund, with the most rapid growth occurring in Sales Tax revenues (4% growth is projected). Property Taxes are expected to remain flat with slow growth occurring two and three years out. These revenue projections should result in an increase in the overall General Fund from \$68 million in the current fiscal year to \$70 million in FY 2011-12, a 2.9% growth rate.

With the positive news regarding revenue stabilization and gradual growth, the City can focus on balancing its budget. However, this slow revenue recovery shifts the focus heavily to expense reduction, management and control. This expense management focus is important for the stability of the City's financial condition. The proposed Deficit Elimination Plan makes significant cuts in the first two years of the plan, totaling \$10 million in structural reductions and approximately \$1 million in one-time savings. These cuts alone put the City on a strong financial footing entering into year three of the plan. The third year of the plan does not quite offer enough cuts to close the remaining anticipated deficit as it is projected today. Of the expected remaining \$4 million deficit after years one and two, proposed structural expense reductions for this period total \$2.7 million. Staff recommends revisiting the magnitude of the structural deficit in 12 months to determine if the third year reductions are still required or if additional reductions need to be proposed. Not addressing the final \$1.3 million deficit estimated at this time is appropriate, since changes in the economy cannot be precisely predicted and expense controls may make further cuts unnecessary.

The 3-Year Deficit Elimination Plan

The goal of this plan is to eliminate the structural deficit over the next three years, focusing on aligning ongoing expenses with the projected revenue stream. Using the proposed combination of significantly reduced expenditures with the strategic use of available reserves, staff believes the implementation of the 3-Year Deficit Elimination Plan will result in a balanced budget by June 2014. Upon receiving City Council approval, staff will apply the approved budget reductions identified in the first two years of the plan to the proposed two-year base budget covering Fiscal Years 11-12 and 12-13. Council approval of the 3-Year Deficit Elimination Plan will mitigate the need to revisit and recreate a new deficit reduction plan every year. Reductions identified in year three of the plan will be revisited in 12 months when we have further information on the strength of the economic recovery. To that end, the City Council, City Manager's Office, Community and Economic Development Department, Public Works Department, and related staff are focusing tremendous effort to achieve significant economic development and job creation within our City. Making Moreno Valley the place to do business is our objective and the catalyst to full economic recovery for our community.

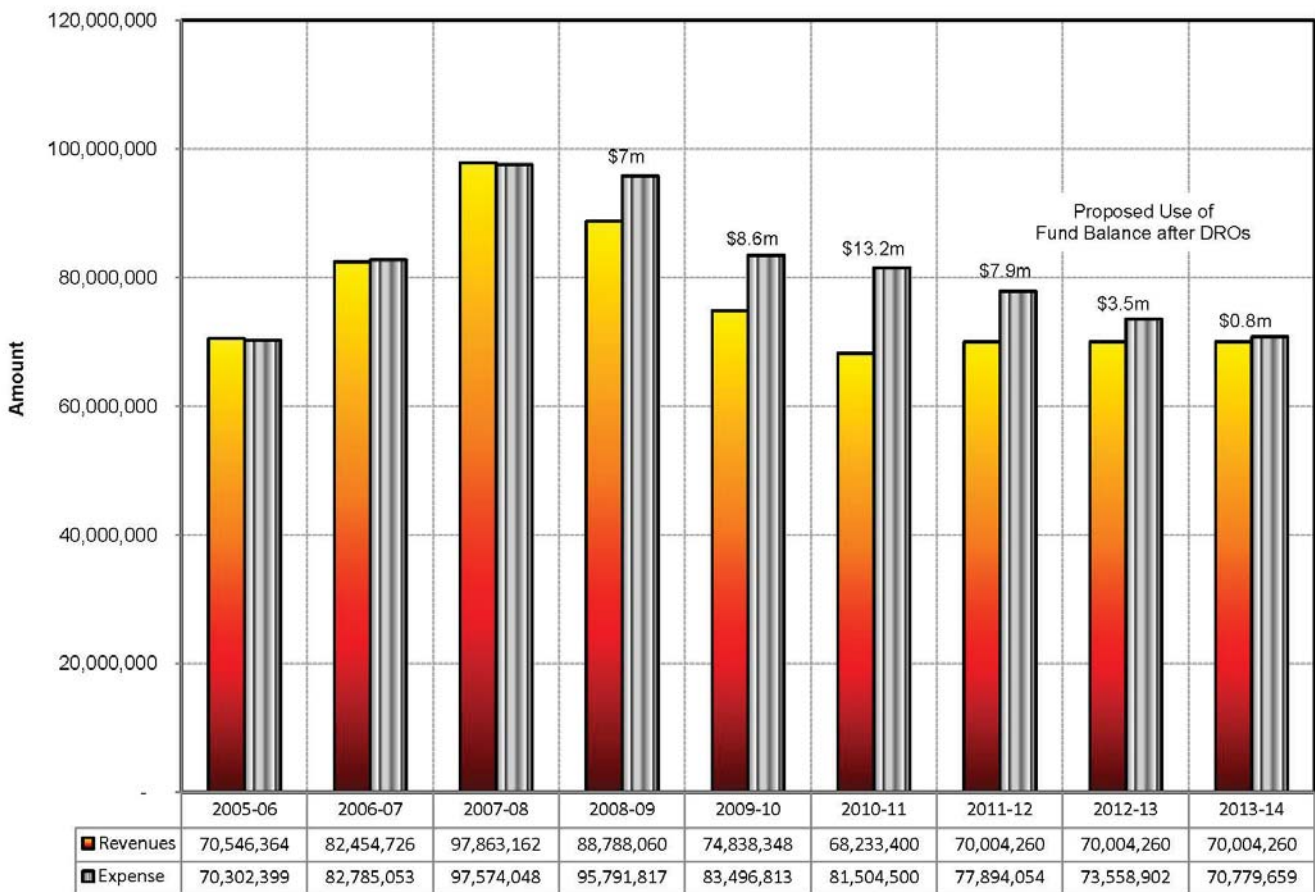
City of Moreno Valley
General Fund Revenue & Expense Budget



Deficit Elimination Plan Summary

The 3-Year Deficit Elimination Plan identifies over \$13 million in expenditure reductions. Having already reduced General Fund expenditures by \$14 million over the past three years, the proposed reductions will significantly impact City services and programs, with the goal of retaining the most critical services at acceptable levels. As the City Council's top priority is public safety, prior year deficit reduction actions have focused almost exclusively on non-public safety reductions to the General Fund. Unfortunately, given the magnitude of the structural deficit, the City cannot meet the goal of the 3-Year Deficit Elimination Plan and align expenditures with revenues without making some cuts to Police and Fire.

**City of Moreno Valley
General Fund Revenue & Expense Budget with Proposed Use of DROs & Fund Balance**

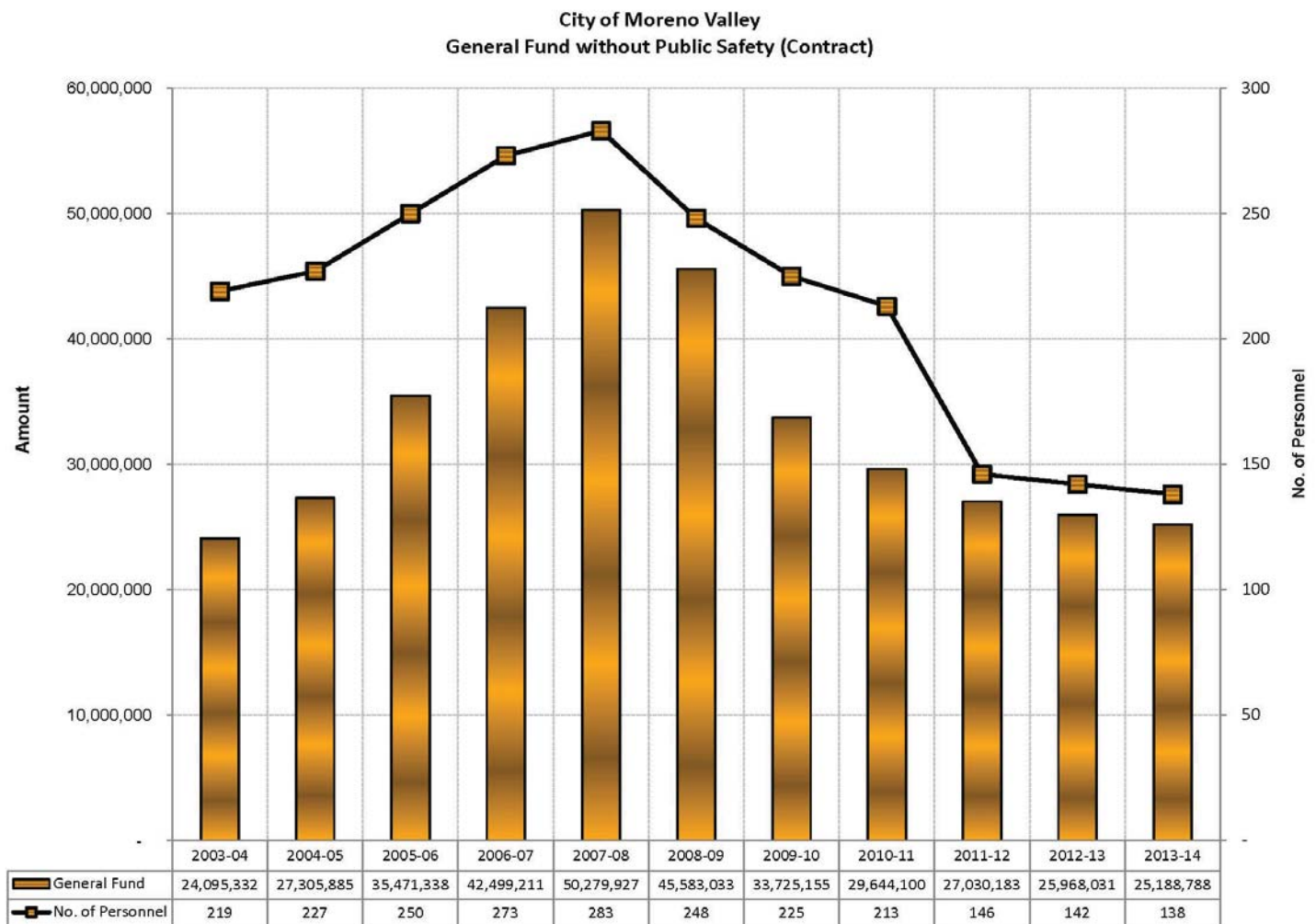


Expenditures from FY2011/12 - 2013/14 reflect full implementation of Proposed DROs

Each department's deficit reduction options (DROs) are included in this report; a summary of the more significant DROs for each department and their impacts includes the following:

General Fund: Non-Public Safety

A total of 32 positions, 24 career and 8 temporary, are identified for elimination in the General Fund. Three of these are vacant and 29 are currently filled and would result in layoffs. In addition, 47 positions, 12 career and 35 temporary, funded in the General Fund will be transferred to other funds. The Deficit Elimination Plan also assumes the continuation of the personnel-related cost-saving measures implemented July 1, 2009. These are subject to negotiation with the employee associations.



Note: the 2011-12 "Number of Personnel" reflects the transfer of 37 crossing guards from the General Fund to the Gas Tax Fund.

City Clerk and Council Office (\$114,973 in reductions): Implementation of the use of iPads will reduce the cost of copying agenda packets by \$10,000. Staff reductions, including one temporary position in year 2 and one part-time position in year 3 will result in significant impacts to the operations of the City Clerk, including increased response times to public records requests, scanning of permanent documents will take longer, and assistance in preparing the agenda will be greatly reduced. The proposed cuts would severely impact the City Clerk's Department's ability to perform its mandated legislative functions and subsequently would impact the Council Office as staff would be needed to fill mandated duties of the City Clerk's Department.

City Manager's Office (\$333,985 in reductions): Key reductions include the elimination of the Customer Service Representative position currently responsible for answering the City's main line switchboard. Service impacts to our customers will be high as calls to City Hall will be answered by the automated phone system. Other department staff will be required to answer calls that are not handled through the automated phone system, and the upstairs information area will no longer be staffed. DROs also include the elimination of the City's contract for State lobbying services. The City will need to work even more closely and directly with our current State legislators, the League of California Cities, and our regional intergovernmental agencies to communicate our legislative priorities and work together to advocate in support of or opposition to state actions that may impact the City. Staff is also proposing to transfer additional expenditures related to the operation of MVTV-3 to the non-general fund PEG (Public, Education, and Government) account. The impact of this will be the utilization of PEG fund balance (current reserves are approximately \$2 million).

City Attorney's Office (\$199,139 in reductions): DROs include transferring 30% of the Deputy City Attorney III's salary and benefits to the SB 1137 fund which is restricted to being used for nuisance abatement activities including prosecution. A DRO reducing the outside legal services budget from \$150,000 to \$100,000 will impact the ability of the City Attorney's Office to pay for specialized legal services by other departments and to fund certain litigation matters. The department DROs also include the elimination of the Executive Assistant I position in year 3. This would transfer all of the administrative responsibilities for the department to the Legal Secretary position, reducing the amount of time available for legal support and increasing the workload of the attorneys and the amount of time it would take to provide legal services.

Community & Economic Development Department (\$1,740,264 in reductions and revenue enhancements): Proposed reductions include elimination of Planning Commissioner stipends, the termination of the Shopping Cart Retrieval program and diminished use of document imaging and outside plan checking services. Impacts could include possible diminished interest in serving on Planning Commission and concerns from the public about proliferation of abandoned shopping carts. Another proposed program includes the installation of cameras on street sweepers to ticket illegally parked vehicles. Adoption of this practice would result in staff reduction of 2.5 parking control officers. A proposed savings measure includes the further reduction in the marketing program that could diminish the City's Economic Development efforts. Several potential

revenue enhancements have been recommended including full cost-recovery for planning and building services and retaining a third party collection firm to pursue the collection of unpaid debt from code violations.

Financial and Administrative Services (\$1,622,883 in reductions and revenue enhancements): The department's 16 DROs include the defunding of 12 positions and changing 2 full-time positions to part-time positions. These reductions will present challenges in maintaining timely various financial reports (including the budget and CAFR), the processing of Payroll, Accounts Payable; preparation of RFPs/bids; cash handling and follow-up audits. The reduction in Animal Services will result in a lower level of care to animals in the shelter; increase in overtime costs; eliminates veterinary services for the shelter and minimizes the medical care to stray and owned animals.

Human Resources: (\$315,916 in reductions and revenue enhancements): Among the department's DROs are eliminating two full-time Human Resources Technician Positions, eliminating the citywide training budget, and reducing the employee education reimbursement. Anticipated impacts include delays in the turnaround times for processing recruitments, liability claims, and workers compensation claims, delayed hiring of new employees, and increased response times for personnel actions, benefits enrollment and changes, invoices, payments, answering inquiries and preparing various reports for internal and external customers.

Public Works (\$1,679,627 in reductions and revenue enhancements): Public Works' General Fund DROs include revenue enhancement and alternative funding opportunities as well as the implementation of a staffing reorganization/reduction plan involving the Capital Projects and Land Development Divisions. The revenue enhancement options, including cellular phone antennae/repeater leasing agreements, providing contract inspection services to March Health Care Facility, and the implementation of an AB 939 Recycling Program Fee, will not have any negative impact to public service levels and, in the case of the AB 939 Fee, will allow the Department to increase the Recycling Program public service level to a level anticipated to be necessary to comply with State of California mandates and waste hauler franchise agreement requirements.

The alternative funding opportunities, involving the transfer of several public works maintenance and crossing guard programs to Gas Tax, will result in approximately 50% of the funding previously utilized for pavement rehabilitation capital projects being redirected and decrease the number of streets that will be able to be resurfaced for the next five years.

The implementation of the proposed staffing reorganization/reduction plan will have a moderate service level impact from a Capital Projects perspective, resulting in a decreased number of completed capital projects, due to a decreased Capital Projects staffing level that is being realigned to match decreased project funding levels. The Land Development Division's service level will also be moderately impacted resulting in

longer response times for plan checks, entitlements, public counter requests, and interdepartmental assistance.

The single General Fund Budget increase proposes the realignment of Transportation Engineering/Traffic Signal expenditures, resulting in an increase in General Fund expenditures, in order to comply with Measure A Maintenance-of-Effort requirements. Implementation of this budget issue will not have a negative service level impact, however, if this budget issue is not implemented the City will lose approximately \$2.2 million in annual Measure A revenue that is utilized to fund street improvement capital projects.

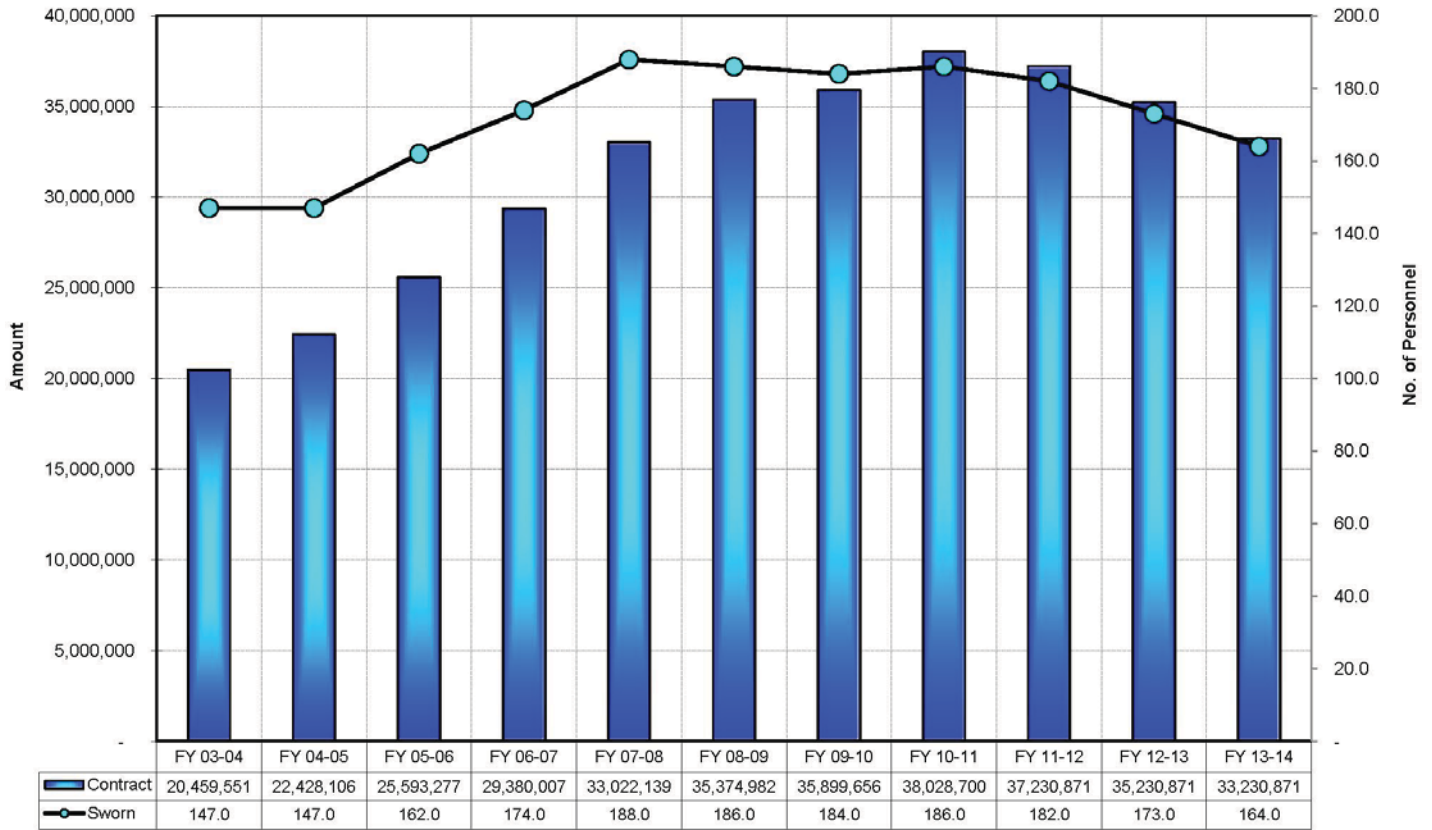
Non-Departmental (\$1,235,000 in reductions): Staff has identified DROs in non-departmental funds which include refunding lease revenue bonds, eliminating the General Fund subsidy of MVTV-3 and decreasing the subsidy to the library by \$100,000 (the DRO impacts to the library are summarized later in this report). Internal Service Fund DROs include the defunding of 3 positions. Reductions in Technology Services will result in slower responses to department technology requests; routine maintenance, such as security updates, software patches and other application updates will take longer to complete. Reductions in Facilities and Maintenance will result in slower response time to maintenance requests; appearance of some buildings will be impacted, due to the deferral of aesthetic improvements.

General Fund: Public Safety

Police (\$5 million in reductions): The plan includes Police Department DROs of \$1 million in year 1 and \$2 million in each of years 2 and 3 for a total of \$5 million. The year 1 DRO equates to a reduction in patrol service from 600 hours to 580 hours per day (3% reduction), essentially reducing each patrol shift by one officer. The year 2 DRO equates to a reduction of 38.5 hours of patrol per day (an additional 6.6% reduction). The Police Chief would determine if the reduced hours would be eliminated from patrol, traffic, or special teams. Full implementation of all 3 years' DROs would increase response time to all calls for service, including high priority crimes, likely generating the need for more overtime. The elimination of positions will in turn reduce the number of investigators, supervisors and lieutenants assigned to Moreno Valley in support roles.

FY 10-11 DROs for the Police Department included two vacant motorcycle officer positions which were to remain unfilled with the option that Council would revisit filling these positions later in the current fiscal year depending on revenues. In August, 2010, Council approved refunding these two positions, reallocating them to the Special Enforcement Team Gang unit, and allocating one additional officer to the Gang Unit as well.

**City of Moreno Valley
Police Department (SWORN Budget & Personnel)**

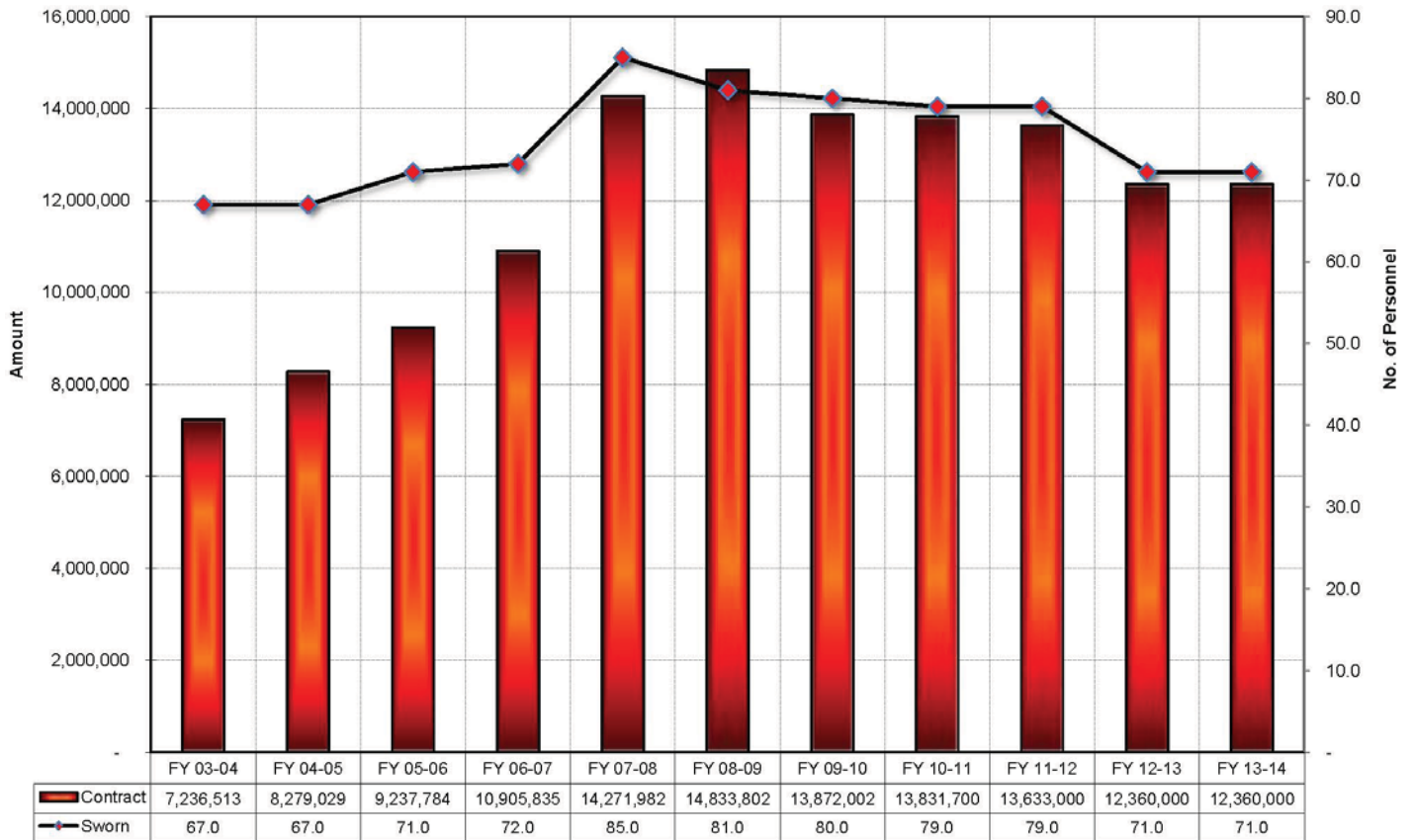


Fire Department (\$1,898,335 in reductions and revenue enhancements): Deficit reduction options for the Fire Department include the elimination of the City's CPR program; defunding one full time and one part time position; and the elimination of Truck 58 decreasing 8 sworn firefighter positions, totaling 9.5 defunded positions. Of these deficit reduction options, the defunding of Truck 58 will have the most impact to the community as it is the City's only Paramedic Truck Company. In 2010, Truck 58 responded to 737 calls for service and was the primary responding unit 28% of the time. These calls will be assigned to the remaining Truck and Engine companies in the City, and could result in longer response times. Currently the Fire Department is meeting an 8 minute response time criteria for full first alarm assignments 90% of the time, however, this is expected to drop to 60% once this truck company is defunded and the remaining two truck companies are relocated to the more central areas of the City. The second most impactful reduction will be the elimination of the Permit Technician in Fire Prevention. Counter coverage for the Fire Prevention Bureau would be reduced from ten hours a day to four hours a day, severely affecting the development community.

The Fire Department is also proposing two revenue enhancement options. The first is to conduct a state mandated fire annual apartment complex inspection program. There will be a net revenue gain of \$100,153 from implementing this program, even after hiring

four fire prevention assistants to assist with the inspections. The other revenue enhancement option is to restructure the fire annual inspection program for commercial businesses, which would result in a revenue increase of \$391,396. This program is dependent on hiring two fire prevention assistants to conduct hazard abatement so that the City's Fire Prevention Inspectors can perform these inspections.

**City of Moreno Valley
Fire Department History (SWORN Budget & Personnel)**



Non-General Fund

Zone A Parks & Recreation (\$738,401 or \$1,208,401 in two options of reductions and revenue enhancements): Zone A DROs will result in minimal to moderate service level impacts throughout the department. Defunding a vacant Senior Park Ranger position will be mitigated through the use of temporary staff to take care of restroom maintenance and locking of the parks giving current Park Rangers additional time to patrol the parks. The plan includes a DRO to possibly contract out the operation of the Cottonwood Golf Course, potentially saving Zone A funds. The Recreation Aides at the Golf Course would be absorbed into other recreation programs once operation of the Golf Course is contracted out. There is also a possibility that the department would receive a small amount of revenue from this transaction.

The other two Deficit Reduction Options pertain to the STARS Program and the financial costs to Zone A and the General Fund. Option 1 is to provide the General Fund with \$400,000 to recover their costs created by the STARS Program. To do this the STARS participants will be charged a fee and the balance will come from Zone A. This will have a moderate impact on the participants and Zone A. Option 2 is to have an outside organization operate the STARS program. Zone A would continue to have control over the grant. Full time Career and Part Time Career staff would become employees of the outside organization. This option will reduce Zone A costs and General Fund costs.

Library (\$316,402 in reductions and revenue enhancements): The DROs for the Moreno Valley Library include increasing the overdue fines, reducing subscriptions and books by 50%, closing the computer lab in year 2 and reducing the Library hours in year 3. Increased fines mean higher charges for people at a time when many can least afford it; staff would need to deal with more public complaints. Cutting the book and subscriptions budget means the library's ability to provide up to date materials and databases would decrease even as library use and requests are increasing. Closing the public computer lab or charging a computer use fee means an end to free public computer access and wi-fi. Many residents can't afford their own computers or a fee, staff would receive complaints and printing revenue would be lost. Reducing hours would further restrict public access to the library, which would become busier and more crowded during the remaining open hours as people shift their visits. The minimal staff left would have to take on even more extra duties.

Staff is investigating a proposal to help fund library services with Zone A funds. This would eliminate the DRO to close the computer lab in year 2. The City Attorney's Office has indicated that library services are not prohibited for funding through the Zone A revenues.

Special Districts Administration (\$525,327 in reductions): To more appropriately match the expenditures to revenues as a result of the slowdown in development and the increase in costs to perform services without offsetting parcel fees, Special Districts is proposing a reorganization that will include the elimination of 3 filled positions and one vacant position, and the transfer of one full time position, in year 1. The layoff of an additional full time position is proposed in year 2 pending the outcome of a ballot measure for increased landscape maintenance assessment fees. The staffing reductions/reorganizations will have a moderate service level impact that will be mitigated through the absorption of responsibilities by remaining staff. The decreased staffing level represents a realignment to match decreased development activity and to offset increased costs.

Strategic Use of Fund Balance

Attempting to solve the City's \$14 million General Fund structural deficit within one fiscal year would be devastating to the programs and services that Moreno Valley residents expect and deserve. As noted previously, General Fund expenditures have been reduced by over \$14 million in the past three years and the City's work force has

decreased by 25% due to layoffs and hiring freezes. The Deficit Elimination Plan proposes a fiscally responsible combination of significant expenditure reductions with the strategic use of the City’s General Fund reserves to balance the budget over a three year period. A measured infusion of money from the City’s reserves will help offset what otherwise would be overwhelming operating reductions.

As illustrated in the “General Fund Revenue & Expense Budget with Proposed Use of DROs & Fund Balance” chart on page 11 and the following table, the Deficit Elimination Plan proposes using a total of \$12.2 million in General Fund reserves over the next three years to help achieve a balanced budget:

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
Fund Balance Available	\$27,000,000	\$19,100,000	\$15,600,000
Deficit	\$14,000,000	\$8,100,000	\$4,100,000
Proposed Use of Fund Balance	7,900,000	3,500,000	800,000
Proposed General Fund DROs	6,100,000	4,600,000	3,300,000
Note: One-time savings included:	354,000	550,000	650,000

The City currently has \$27 million in General Fund reserves, which essentially serve as the City’s Working Capital funds and the “rainy day” savings for use to mitigate the effects of revenue fluctuations. By FY 13-14, the projected fund balance will be \$14,800,000. Assuming the full implementation of the DROs, the City’s General Fund expenditure budget at that time is projected to be \$70,779,659. Therefore, the proposed fund balance reserve as of July 1, 2014 would represent a General Fund Contingency Reserve of approximately 20%, which is near the minimum level of the standards established by the Government Finance Officers Association.

It is anticipated that additional revenues not included in these projections will be realized through improved economic conditions, and the City’s economic development efforts. In addition, the City must continue fiscal restraint on the part of all City departments. Staff is optimistic that these factors will result in a reduction of the year 3 deficit reduction options necessary to fully balance the City’s operating budget. By making the difficult decisions proposed in the Deficit Elimination Plan and exercising the discipline required to implement the expenditure reductions, the City Council and staff will successfully eliminate the structural deficit over the next three years and position the City to take full advantage of the anticipated recovery of the nation’s and the City’s economy.

Richard Teichert
 Financial and Administrative Services Director

**City of Moreno Valley
Deficit Reduction Option (DRO) Budget Summary
General Fund**

<u>Department</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>Total</u>
General Fund - Revenue Enhancements:				
Community & Economic Development	\$ 355,000	\$ 337,000	\$ 497,000	\$ 1,189,000
Financial & Administrative Services	114,200	-	-	114,200
Fire	426,996	106,793	-	533,789
Public Works	149,408	-	-	149,408
	<u>1,045,604</u>	<u>443,793</u>	<u>497,000</u>	<u>1,986,397</u>
General Fund - Deficit Reduction Options:				
City Council/City Clerk	27,900	43,660	43,413	114,973
City Manager	269,352	64,633	-	333,985
City Attorney	108,879	-	90,260	199,139
Community & Economic Development	456,564	93,530	1,170	551,264
Financial & Administrative Services	1,016,283	255,000	247,400	1,518,683
Fire	140,477	1,287,429	-	1,427,906
Human Resources	232,946	82,970	-	315,916
Police	1,000,000	2,000,000	2,000,000	5,000,000
Public Works	2,026,219	-	-	2,026,219
Non-Department	1,010,000	450,000	450,000	1,910,000
	<u>6,288,620</u>	<u>4,277,222</u>	<u>2,832,243</u>	<u>13,398,085</u>
DRO Offsets:				
Fire	(31,680)	(31,680)	-	(63,360)
Public Works	(496,000)	-	-	(496,000)
Non-Department	(675,000)	-	-	(675,000)
	<u>(1,202,680)</u>	<u>(31,680)</u>	<u>-</u>	<u>(1,234,360)</u>
Total General Fund	<u>\$ 6,131,544</u>	<u>\$ 4,689,335</u>	<u>\$ 3,329,243</u>	<u>\$ 14,150,122</u>

**City of Moreno Valley
Deficit Reduction Option (DRO) Position Summary
General Fund**

<u>Department</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>Total</u>
General Fund - Deficit Reduction Options:				
City Council/City Clerk		1.0	1.0	2.0
City Manager	1.0			1.0
City Attorney			1.0	1.0
Community & Economic Development	4.0			4.0
Financial & Administrative Services	11.0	5.0	2.0	18.0
Fire	2.0			2.0
Human Resources	2.0	1.0		3.0
Police				-
Public Works	48.0			48.0
Non-Department				-
Total General Fund	<u>68.0</u>	<u>7.0</u>	<u>4.0</u>	<u>79.0</u>

**City of Moreno Valley
Deficit Reduction Option (DRO) Position Summary
Non-General Fund**

<u>Department</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>Total</u>
Non-General Fund - Revenue Enhancements:				
Financial & Administrative Services	\$ -	\$ -	\$ -	\$ -
Library	14,100	-	-	14,100
Parks & Community Services	200,000	-	-	200,000
Public Works	400,000	1,000,000	-	1,400,000
	<u>614,100</u>	<u>1,000,000</u>	<u>-</u>	<u>1,614,100</u>
Non-General Fund - Deficit Reduction Options:				
Financial & Administrative Services	665,282	141,681	283,991	1,090,954
Library	54,371	177,039	70,892	302,302
Parks & Community Services	1,208,401	-	-	1,208,401
Public Works	1,058,759	449,704	-	1,508,463
	<u>2,986,813</u>	<u>768,424</u>	<u>354,883</u>	<u>4,110,120</u>
Total Non-General Fund	<u>\$ 3,600,913</u>	<u>\$ 1,768,424</u>	<u>\$ 354,883</u>	<u>\$ 5,724,220</u>

**City of Moreno Valley
Deficit Reduction Option (DRO) Position Summary
Non-General Fund**

<u>Department</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>Total</u>
Non-General Fund - Deficit Reduction Options:				
Financial & Administrative Services	1.0	1.0	1.0	3.0
Library	-	3.0	2.0	5.0
Parks & Community Services	1.0	-	-	1.0
Public Works	7.0	1.0	-	8.0
Total Non-General Fund	<u>9.0</u>	<u>5.0</u>	<u>3.0</u>	<u>17.0</u>

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND City Clerk/City Council

Dept	Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012			FY 2012-2013			FY 2013-2014			Total per line Item Total	Total per line Item Gen Fund	One-time (Limited) DROs	(Structural) Recurring DROs
				City No.	FTC P/T	Filled/ Vacant	Transfer or Lay-off	DROs		DROs		DROs								
								Total	General Fund	Total	General Fund	Total	General Fund							
	1	Cncl	Reduce copies of agenda packet by implementation of iPad					10,000	10,000	-	-	-	-	-	-	10,000	10,000		10,000	
	2	Cncl	Reduce Archive (Cornerstone) Management Inventory					2,000	2,000	1,000	1,000	500	500	3,500	3,500	3,500	3,500		3,500	
	3	Cncl	LexisNexis					-	-	2,960	2,960	4,400	4,400	7,360	7,360	7,360	7,360		7,360	
	4	Cncl	Sister City Promotion					1,100	1,100	-	-	-	-	1,100	1,100	1,100	1,100		1,100	
	5	Cncl	Other Mat'ls - Bereavement					1,300	1,300	-	-	-	-	1,300	1,300	1,300	1,300		1,300	
	6	Cncl	Special Events					5,000	5,000	-	-	-	-	5,000	5,000	5,000	5,000		5,000	
	7	Cncl	Council Training/Travel					3,500	3,500	-	-	-	-	3,500	3,500	3,500	3,500		3,500	
	8	Cncl	Council Discretionary					5,000	5,000	-	-	-	-	5,000	5,000	5,000	5,000		5,000	
	10	Cncl	Defund Temporary Senior Office Assistant	1.0	Temp	Filled	Lay-off			39,700	39,700	-	-	39,700	39,700	39,700	39,700		39,700	
	11	Cncl	Defund part-time Senior Office Assistant	1.0	P/T	Filled	Lay-off			-	-	38,513	38,513	38,513	38,513	38,513	38,513		38,513	
			City Clerk/Council Total	2.0				27,900	27,900	43,660	43,660	43,413	43,413	114,973	114,973	114,973	114,973		114,973	

DRO Position Summary Listing

FTC (Full-time Career)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total FTC	0.0
Part-time (P/T)	
Filled - Lay-off	1.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total P/T	1.0
Temporary (Temp)	
Filled - Lay-off	1.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total Temp	1.0

Department Total

2.0

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND City Attorney

Dept. Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line item Total	Total per line item Gen Fund	One-time (Limited) DROs	(Structural) Recurring DROs	
			City No.	FTC	P/T	Temp	DROs		DROs		DROs						
					Filled/ Vacant	Transfer or Lay-off	Total	General Fund	Total	General Fund	Total	General Fund					
1	City Atty	Transfer 30% of Deputy City Attorney III salary & benefits of \$170,815 to BU 23210 (SB 1137 funds).															
				FTC	Filled	Partial Transfer	51,244	51,244	-	-	-	-	51,244	51,244		51,244	
2	City Atty	Reduce Communications (6215) budget from \$4191 to \$2500. Reduce Books (6351) budget from \$25,944 to 20,000.															
							7,635	7,635	-	-	-	-	7,635	7,635		7,635	
3	City Atty	Reduction of outside legal services budget from \$150,000 to \$100,000.															
							50,000	50,000	-	-	-	-	50,000	50,000		50,000	
4	City Atty	Defund the Executive Assistant I position.	1.0	FTC	Filled	Lay-off	-	-	-	-	90,260	90,260	90,260	90,260		90,260	
			1.0				108,879	108,879	-	-	90,260	90,260	199,139	199,139		199,139	
		City Attorney Total	1.0				108,879	108,879	-	-	90,260	90,260	199,139	199,139	-	199,139	

DRO Position Summary Listing

FTC (Full-time Career)	
Filled - Lay-off	1.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total P/T	1.0
Part-time (P/T)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total P/T	0.0
Temporary (Temp)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total Temp	0.0

Department Total

1.0

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Community and Economic Development

Dept. Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line Item Total	Total per line Item Gen Fund	One-time (Limited) DROs	Structural) Recurring DROs	
			City No.	FTC P/T Imp	Filled/ Vacant	Transfer or Lay-off	Total	General Fund	Total	General Fund	Total	General Fund					
1	CEDD	Elimination of Community Development Director - merging Economic Development and Community Development Departments.	1.0	FTC	Vacant			95,900	95,900	3,530	3,530	1,170	1,170	100,600	100,600	100,600	
2	CEDD	Reallocation of % from ED to CDD for CEDD Director - merging Economic Development and Community Development Departments (10% reallocated)						13,385	13,385	-	-	-	-	13,385	13,385	13,385	
3	CEDD	REVENUE ENHANCEMENT - Application activity increases over 3-year						95,000	95,000	105,000	105,000	125,000	125,000	325,000	325,000	325,000	
4	CEDD	REVENUE ENHANCEMENT - Third party collection of unpaid debt.						100,000	100,000	100,000	100,000	200,000	200,000	400,000	400,000	-	
6	CEDD	Funding for abatement projects and transfer to SB1137.						30,000	30,000	-	-	-	-	30,000	30,000	30,000	
7	CEDD	Eliminate Planning Commissioner stipend and related line items.						10,920	10,920	-	-	-	-	10,920	10,920	10,920	
8	CEDD	Eliminate funding for electronic document imaging service.						20,000	20,000	-	-	-	-	20,000	20,000	20,000	
9	CEDD	Installation of Street Sweeping Cameras	2	FTC	Filled			40,837	40,837	90,000	90,000	-	-	130,837	130,837	130,837	
10	CEDD	Reduce outside contractual plan check services.	3.0	1 Tmp	Filled	Lay-off		80,000	80,000	-	-	-	-	80,000	80,000	80,000	
11	CEDD	REVENUE ENHANCEMENT - Adjust fees for full cost-recovery.						-	-	132,000	132,000	172,000	172,000	304,000	304,000	304,000	
12	CEDD	REVENUE ENHANCEMENT - Implement fee study - full cost recovery						160,000	160,000	-	-	-	-	160,000	160,000	160,000	
13	CEDD	Various line items (please refer to the Deficit Reduction Option Form)						117,522	117,522	-	-	-	-	117,522	117,522	117,522	
14	CEDD	Terminate Shopping Cart Retrieval Program						48,000	48,000	-	-	-	-	48,000	48,000	48,000	
Community & Economic Development Total			4.0					811,564	811,564	430,530	430,530	498,170	498,170	1,740,264	1,740,264	400,000	1,340,264

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Financial & Administrative Services

Dept Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line Item Total	Total per line Item Total	One- time (Limited) DROs	(Structural) Recurring DROs
			City No.	FTC P/T Imp	Filled/ Vacant	Transfer or Lay-off	Total DROs	Total DROs	Total DROs	Total DROs						
							General Fund	General Fund	General Fund	General Fund						
1	FASD	Reallocation of 5% of Tech. Svcs. Div Mgr & Enterprise Admin, salary & benefits to the Technology Services Fund.						20,000	-	-	-	20,000			20,000	
2	FASD	Reduction in auditing services costs (need funds for 2011 OPEB valuations consulting svcs)						10,000	-	-	-	10,000			10,000	
5	FASD	Reduce UUT audit program fees.						15,000	-	-	-	15,000			15,000	
6	FASD	Reduce budgeted fee to Investment Svcs. consultant (Chandler)						10,000	-	-	-	10,000			10,000	
8	FASD	Defund Budget Officer	1.0	FTC	Vacant			101,400	-	-	-	101,400			101,400	
		Suspend the Animal License Canvassing Program; defund (1) Animal Svcs Lic. Insp; (1) Office Aide (tmp); (1) Animal Svcs Asst.	3.0	2 FTC 1 Tmp	Filled Filled	Lay-off Lay-off		-	111,900	18,100	18,100	130,000			130,000	
12	FASD	Defund Accounting Assistant (Financial Ops)	1.0	FTC	Filled	Lay-off		86,000	-	-	-	86,000			86,000	
13	FASD	Defund Accounting Asst (Treasury)	1.0	FTC	Filled	Lay-off		58,000	2,000	-	-	60,000			60,000	
14	FASD	Defund Sr. Administrative Asst. (Purchasing)	1.0	FTC	Filled	Lay-off		73,000	10,000	-	-	83,000			83,000	
15	FASD	Collect bad debt from Animal Svcs unpaid administrative citations						114,200	-	-	-	114,200		114,200	-	
17	FASD	Defund City Hall roof replacement CIP project (Facilities)						649,965	-	-	-	649,965		324,983	-	
18	FASD	Defund Executive Assistant I (Admin)	1.0	FTC	Filled	Lay-off		67,100	10,000	-	-	77,100			77,100	
19	FASD	Defund the following positions: (1) Sr. Admin Asst; (1) Animal Svcs. Dispatcher; & (2) Animal Care Techs (Tmp).	6.0	2 FTC 4 Tmp	Filled Filled Filled	Lay-off Lay-off Lay-off		250,800	-	-	-	250,800			250,800	
20	FASD	Defund (2) Animal Control Officers	2.0	1 FTC 1 Tmp	Filled Filled	Lay-off Lay-off		-	121,100	13,100	13,100	134,200			134,200	
21	FASD	Close MoVal Veterinary Clinic & defund (1) Animal control Officer & (1) Animal Svcs. Asst.	2.0	2 FTC	Filled	Lay-off		-	-	216,200	216,200	216,200			216,200	
Financial & Administrative Services Total								1,455,465	1,130,483	255,000	247,400	1,957,865	1,632,883	439,183	1,193,700	

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Financial & Administrative Services

Rank	Dept	Description of Program/Function or Activity	City No.	STAFFING IMPACT			FY 2011-2012			FY 2012-2013			FY 2013-2014			Total per line Item	Total per line Item	One-time (Limited) DROs	(Structural) Recurring DROs	
				FTC	P/T	Imp	DROs			DROs			DROs							
				Filled/ Vacant	Transfer or Lay-off	Total	General	Fund	Total	General	Fund	Total	General	Fund	Total					General
DRO Position Summary Listing																				
FTC (Full-time Career)																				
		Filled - Lay-off	11.0																	
		Filled - Transfer to other funding sources	0.0																	
		Vacant	1.0																	
		Total FTC				12.0														
Part-time (P/T)																				
		Filled - Lay-off	0.0																	
		Filled - Transfer to other funding sources	0.0																	
		Vacant	0.0																	
		Total P/T				0.0														
Temporary (Temp)																				
		Filled - Lay-off	6.0																	
		Filled - Transfer to other funding sources	0.0																	
		Vacant	0.0																	
		Total Temp				6.0														
																	Department Total			
																			<u><u>18.0</u></u>	

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Fire

Dept	Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012			FY 2012-2013			FY 2013-2014			Total per line Item Total	Total per line Item Gen Fund	One-time (Limited) DROs	(Structural) Recurring DROs
				City No.	FTC P/T Temp	Filled/ Vacant	Transfer or Lay-off	DROs			DROs			DROs						
								Total	General Fund	Total	General Fund	Total	General Fund	Total	General Fund					
			Split fund Office of Emergency Management & Volunteer Services Specialist, 80% to grant fund 13410 and 20% to 64110					20,558		-		-			20,558			20,558		
	2	Fire	Restructure Fire Annual Inspection Program - Revenue Enhancement			Filled	Transfer	391,396		-		-			391,396			391,396		
	2A	Fire	Hire 2 Fire Prevention Assistants for Hazard Abatement - Budget Issue Staff Report			(21,120)		(21,120)		-		-			(21,120)			(21,120)		
	3	Fire	Remove City Squad from front line emergency response					29,560		-		-			29,560			29,560		
	4	Fire	Defund part time Office of Emergency Management & Volunteer Services Specialist and eliminate the City's CPR program	1.0	P/T	Filled	Lay-Off	25,564	8,218	8,218		-			33,782			33,782		
	5	Fire	Defund Permit Technician	1.0	FTC	Filled	Lay-Off	64,795	6,179	6,179		-			70,974			70,974		
	6	Fire	Conduct state mandated apartment complex fire inspections annually - Revenue Enhancement					35,600	106,793	106,793		-			142,393			142,393		
	6A	Fire	Conduct state mandated apartment complex fire inspections annually - Budget Issue Staff Report to hire 4 Fire Prevention Assistants			(10,560)		(10,560)	(31,680)	(31,680)		-			(42,240)			(42,240)		
	7	Fire	Eliminate Truck Company		FTC	Filled	Transfer Lay-off	-	1,273,032	1,273,032		-			1,273,032			1,273,032		
			Fire Total	2.0				535,793	1,362,542	1,362,542		-			1,898,335		-	1,898,335		

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Human Resources

Dept	Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012			FY 2012-2013			FY 2013-2014			Total per line Item	Total per line Item	One-time (Limited) DROs	(Structural) Recurring DROs	
				City No.	P/T	FTC	Filled/ Vacant	Transfer or Lay-off	DROs		DROs		DROs		Total	Total					Total
									Total	General Fund	Total	General Fund	Total	General Fund							
	1	HR	Defund Vacant Security Guard position	1.0	FTC		Vacant			45,626	22,813	-	-	-	-	45,626	22,813		22,813		
	2	HR	Reduce/Eliminate various line items							87,900	43,950	-	-	-	-	87,900	43,950		43,950		
	3	HR	Reduce Contract Services Line Item							12,500	6,250	-	-	-	-	12,500	6,250		6,250		
	4	HR	Eliminate Prof Dev & Wellness Program							3,000	3,000	-	-	-	-	3,000	3,000		3,000		
	5	HR	Reduce Other Professional Services							28,100	28,100	-	-	-	-	28,100	28,100		28,100		
	6	HR	Eliminate City Wide Training							4,000	4,000	-	-	-	-	4,000	4,000		4,000		
	7	HR	Eliminate Dues & Subscriptions							3,000	3,000	-	-	-	-	3,000	3,000		3,000		
	8	HR	Reduce Office Supplies							3,000	3,000	-	-	-	-	3,000	3,000		3,000		
	9	HR	Reduce Advertising							19,000	19,000	-	-	-	-	19,000	19,000		19,000		
	10	HR	Reduce Emp Education Reimbursement							15,000	15,000	-	-	-	-	15,000	15,000		15,000		
	11	HR	Reduce/Eliminate various line items							9,000	4,500	-	-	-	-	9,000	4,500		4,500		
	12	HR	Eliminate HR Tech Position (1 of 2)	1.0	FTC		Filled	Lay-Off		80,333	80,333	-	-	-	-	80,333	80,333		80,333		
	13	HR	Eliminate HR Tech Position (2 of 2)	1.0	FTC		Filled	Lay-Off		-	-	82,970	82,970	-	-	82,970	82,970		82,970		
			Human Resources Total	3.0						310,459	232,946	82,970	82,970	-	-	393,429	315,916	-	315,916		

DRO Position Summary Listing

FTC (Full-time Career)	
Filled - Lay-off	2.0
Filled - Transfer to other funding sources	0.0
Vacant	1.0
Total FTC	3.0
Part-time (P/T)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total P/T	0.0
Temporary (Temp)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total Temp	0.0

Department Total

3.0

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Police

Dept Rank	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012			FY 2012-2013			FY 2013-2014			Total per line Item Total	Total per line Item Gen Fund	One-time (Limited) DROs	(Structural) Recurring DROs
		City No.	FTC P/T Trmp	Filled/ Vacant	Transfer or Lay-off	Total	General Fund	DROs	Total	General Fund	DROs	Total	General Fund	DROs				
1	Police Hours of service per day.		FTC	Filled	Transfer	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	5,000,000	5,000,000		5,000,000	
	Police Total					1,000,000	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	5,000,000	5,000,000	-	5,000,000	

DRO Position Summary Listing

FTC (Full-time Career)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total FTC	0.0
Part-time (P/T)	
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total P/T	0.0
Temporary (Temp)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total Temp	0.0

Department Total 0.0

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Public Works

Dept Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line		One-time (Limited) DROs	(Structural) Recurring DROs
			City No.	FTC P/I Imp	Filled/ Vacant	Transfer or Lay-off	DROs		DROs		DROs		Item Total	Item Total		
							General Fund	Total	General Fund	Total	General Fund	Total				
1	PW	Allow telecommunications companies to place small-scale cellular phone antennae and cabinets within the public right-of-way for a fee per location					43,200	43,200	-	-	-	-	43,200	43,200		43,200
2	PW	Allow non-telecommunications companies to place antennae and optical repeaters on existing streetlight/utility poles for a fee per location					20,000	20,000	-	-	-	-	20,000	20,000		20,000
3	PW	Provide construction and inspection services for March Health Care Facility by current Land Development staff on a fee-for-service basis					40,000	40,000	-	-	-	-	40,000	40,000	40,000	-
4	PW	Implement Assembly Bill 939 (AB 939) Fee to fund State-mandated waste diversion/recycling programs thereby eliminating any General Fund subsidy and allowing for reestablishment of staffing to pre-DRO levels to address mandated program expansions					46,208	46,208	-	-	-	-	46,208	46,208		46,208
5	PW	Transfer funding for Concrete Maintenance Program to Gas Tax/Traffic Congestion Relief Fund	3.0	FTC	Filled	Transfer	360,300	360,300	-	-	-	-	360,300	360,300		360,300
6	PW	Transfer funding for Signing & Striping Program to Gas Tax/Traffic Congestion Relief Fund	5.0	FTC	Filled	Transfer	811,500	811,500	-	-	-	-	811,500	811,500		811,500
7	PW	Transfer funding for Crossing Guard Program to Gas Tax/Traffic Congestion Relief Fund	37.0	35 Temp	Filled	Transfer	583,439	583,439	-	-	-	-	583,439	583,439		583,439
8	PW	Capital Projects/Land Development Personnel Reorganization involving the transfer of (2) filled FTC positions and lay-off of (1) FTC position	3.0	2 FTC 1 FTC	Filled	Transfer Lay-off	110,980	110,980	-	-	-	-	110,980	110,980		110,980
9	PW	Increase subsidy to Gas Tax to meet Maintenance of Effort requirement for Measure A funds; or increase GF budgets to meet MoE.					(336,000)	(336,000)	-	-	-	-	(336,000)	(336,000)		(336,000)
10A	PW	To transfer graffiti abatement program for private properties to General Fund (activity does not meet Gas Tax restrictions)					(160,000)	(160,000)	-	-	-	-	(160,000)	(160,000)		(160,000)
10B	PW	Eliminate private property graffiti removal					160,000	160,000	-	-	-	-	160,000	160,000		160,000
		Public Works Total	48.0				1,679,627	1,679,627	-	-	-	-	1,679,627	1,679,627	40,000	1,639,627

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Public Works

Dept Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line Item	Total per line Item	One-time (Limited) DROs	(Structural) Recurring DROs
			City No.	FTC	P/T	Imp	Filled/ Vacant	Transfer or Lay-off	Total	General Fund	Total	General Fund				
DRO Position Summary Listing																
FTC (Full-time Career)																
		Filled - Lay-off	1.0													
		Filled - Transfer to other funding sources	12.0													
		Vacant	0.0													
		Total FTC					13.0									
Part-time (P/T)																
		Filled - Lay-off	0.0													
		Filled - Transfer to other funding sources	0.0													
		Vacant	0.0													
		Total P/T					0.0									
Temporary (Temp)																
		Filled - Lay-off	0.0													
		Filled - Transfer to other funding sources	35.0													
		Vacant	0.0													
		Total Temp					35.0									
Department Total																
													<u>48.0</u>			

City of Moreno Valley
2011-12 Deficit Reduction Option (DRO) Detail
GENERAL FUND Non-Departmental

Dept Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line item		One-time (Limited) DROs	(Structural) Recurring DROs
			City No.	P/T	Imp	Filled/ Vacant	Transfer or Lay-off	DROs		DROs		DROs		Total Gen Fund		
								Total	General Fund	Total	General Fund	Total	General Fund			
1	Non-Dept	Refund 1997 Lease Revenue Bonds via Private Placement						60,000	-	-	-	60,000	60,000		60,000	
2	Non-Dept	Reduce or Eliminate General Fund support for MVTV3						300,000	-	-	-	300,000	300,000		300,000	
3	Non-Dept	Stop paying into the OPEB Trust for a period of years						450,000	450,000	450,000	450,000	450,000	1,350,000	1,350,000	-	
4	Non-Dept	3rd Tier Benefit Plan for new hires after July 1, 2011						100,000	-	-	-	100,000	100,000	100,000	100,000	
6	Non-Dept	Decrease subsidy to Library						100,000	-	-	-	100,000	100,000	100,000	100,000	
7	Non-Dept	Subsidy to Zone B						(675,000)	-	-	-	(675,000)	(675,000)	(675,000)	(675,000)	
		Non-Departmental Total						335,000	450,000	450,000	450,000	450,000	1,235,000	1,350,000	(115,000)	

GRAND TOTAL CITY-WIDE GENERAL FUND	6,534,039	6,131,544	4,689,335	4,689,335	3,329,243	3,329,243	14,552,617	14,150,122	2,229,183	11,920,939
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GENERAL FUND

DRO Position Summary Listing

FTC (Full-time Career)	19.0
Filled - Lay-off	12.0
Filled - Transfer to other funding sources	3.0
Vacant	34.0
Total FTC	34.0
Part-time (P/T)	2.0
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	2.0
Total P/T	2.0
Temporary (Temp)	8.0
Filled - Lay-off	35.0
Filled - Transfer to other funding sources	0.0
Vacant	43.0
Total Temp	79.0

City-wide GENERAL FUND Total

79.0

City of Moreno Valley
2011-12 DRO Detail
NON-GENERAL FUND Library

Dept Rank	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line Item Total	Total per line Item Total	One-time (Limited) DROs	(Structural) Recurring DROs
		City No.	P/T	Temp	FTC	Filled/ Vacant	Transfer or Lay-off	DROs		DROs					
								Total	General Fund	Total	General Fund				
1	Library Increase overdue fines (audio & books)							14,100	-	-	-	14,100	-	-	14,100
2	Library Reduce Subscriptions & Books by 50%							54,371	-	-	-	54,371	-	-	54,371
3	Library Defund 3 library assistant positions and close computer lab	3.0				Filled									
			2 P/T			Filled									
3	Library Defund 2 positions (1 librarian, 1 library assistant) and reduce library hours open	2.0	1 P/T			Filled			177,039	-	-	177,039	-	-	182,261
			1 P/T			Filled									
4	Library	2.0	1 Temp			Filled						65,670	-	-	65,670
			1 Temp			Vacant									
	Library Total	5.0						68,471	-	-	-	177,039	-	-	316,402

DRO Position Summary Listing

FTC (Full-time Career)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total FTC	0.0
Part-time (P/T)	
Filled - Lay-off	3.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total P/T	3.0
Temporary (Temp)	
Filled - Lay-off	1.0
Filled - Transfer to other funding sources	0.0
Vacant	1.0
Total Temp	2.0

Department Total

5.0

City of Moreno Valley
2011-12 DRO Detail

NON-GENERAL FUND Financial & Administrative Services

Dept Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT						FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line Item Total	Total per line Item Total	One-time (Limited) DROs	(Structural) Recurring DROs
			City No.	FTC P/T Imp	Filled/ Vacant	Transfer or Lay-off	DROs		DROs		DROs							
							Total	General Fund	Total	General Fund	Total	General Fund						
3	FASD	Reduce budgeted utility costs at City Hall (Facilities)						50,000	-	-	-	-	-	50,000	-	-	50,000	
4	FASD	Eliminate contingency funds in various business units (Facilities)						149,500	-	-	-	-	-	149,500	-	-	149,500	
7	FASD	Reduce Training & Travel (Facilities)						4,000	-	-	-	-	-	4,000	-	-	4,000	
9	FASD	Eliminate expenditure line item budgets (Tech Svcs)						376,300	-	68,100	-	-	197,450	641,850	-	-	641,850	
16	FASD	Defund Facilities Maintenance Supervisor (Facilities)	1.0		Filled	Retire		85,482	-	-	-	-	85,482	-	-	85,482		
22	FASD	Defund GIS Technician (Tech Svcs)	1.0		Filled	Lay-off		-	-	73,581	-	-	73,581	-	-	73,581		
23	FASD	Defund IT Technician (Tech Svcs)	1.0		Filled	Lay-off		-	-	-	-	86,541	86,541	-	-	86,541		
Financial & Administrative Services Total			3.0					665,282	-	141,681	-	283,991	1,090,954	-	-	1,090,954		

DRO Position Summary Listing

FTC (Full-time Career)	
Filled - Lay-off	3.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total FTC	3.0
Part-time (P/T)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total P/T	0.0
Temporary (Temp)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total Temp	0.0

Department Total

3.0

City of Moreno Valley
2011-12 DRO Detail
NON-GENERAL FUND Parks & Community Services

Dept Rank	Description of Program/Function or Activity	STAFFING IMPACT				FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line Item Total	Total per line Item Total	One-time (Limited) DROs	(Structural) Recurring DROs
		City No.	P/T Imp	Filled/ Vacant	Transfer or Lay-off	DROs		DROs		DROs					
						Total	General Fund	Total	General Fund	Total	General Fund				
1	Line Items Savings					439,145	-	-	-	-	439,145	-	-	439,145	
2	Contract Out Cottonwood Golf Center					33,000	-	-	-	-	33,000	-	-	33,000	
3	Defund Vacant Sr. Park Ranger Position Charge participants in the ASES/STARS program a fee. (OPTION 1)	1.0	FTC	Vacant		66,256	-	-	-	-	66,256	-	-	66,256	
4						200,000	-	-	-	-	200,000	-	-	200,000	
5	Contract Out ASES/STARS Program (OPTION 2)					670,000	-	-	-	-	670,000	-	-	670,000	
Parks & Community Services Total		1.0				1,408,401	-	-	-	-	1,408,401	-	-	1,408,401	-

DRO Position Summary Listing

FTC (Full-time Career)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	1.0
Total FTC	1.0
Part-time (P/T)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total P/T	0.0
Temporary (Temp)	
Filled - Lay-off	0.0
Filled - Transfer to other funding sources	0.0
Vacant	0.0
Total Temp	0.0

Department Total

1.0

City of Moreno Valley
2011-12 DRO Detail
NON-GENERAL FUND Public Works

Dept Rank	Dept	Description of Program/Function or Activity	STAFFING IMPACT			Transfer or Lay-off	FY 2011-2012			FY 2012-2013			FY 2013-2014			Total per line item	Total per line item	One-time (Limited) DROs	(Structural) Recurring DROs
			City No.	FTC P/T Imp	Filled/Vacant		Total	Total	Total	Total	Total	Total							
1	PW-Gas Tax	Capital Projects Personnel Reorganization/Staff Reduction involving the lay-off of (1) filled FTC position	1.0	FTC	Filled	Lay-off	152,880	-	-	-	-	-	-	152,880	-	-	152,880		
2	PW-Gas Tax	Capital Projects/Transportation Engineering Personnel Reorganization and Duty Reassignment involving cessation of work on capital projects by Transportation Engineering Staff and transfer of (1) filled FTC position from Capital Projects back to Transportation Engineering	1.0	FTC	Filled	Transfer	345,312	-	-	-	-	-	-	345,312	-	-	345,312		
3	PW-Gas Tax	Capital Projects/Moreno Valley Utility Personnel Reorganization involving the transfer of (1) filled FTC position	1.0	FTC	Filled	Transfer	101,949	-	-	-	-	-	-	101,949	-	-	101,949		
4	PW-Gas Tax	Capital Projects/Land Development Personnel Reorganization involving the transfer of (2) filled FTC positions and lay-off of (1) FTC position (positions listed in Gen Fund DRO)					20,252	-	-	-	-	-	-	20,252	-	-	20,252		
6	PW-Gas Tax	Provide Project Management and Inspection for Flood Control District with current Capital Projects Staff on a fee-for-service basis					400,000	-	-	-	-	-	-	400,000	-	-	400,000		
7	PW-Gas Tax	Implement Street Maintenance Hauler Mitigation Fee to mitigate distressed pavement caused by waste collection vehicle traffic thereby decreasing/eliminating Traffic Congestion Relief Fund subsidy of street maintenance efforts and reestablishing the use of these funds for capital improvement projects					-	-	1,000,000	-	-	-	-	-	1,000,000	-	-	1,000,000	
1	PW-Sp. Dist.	Special Districts/Moreno Valley Electric Utility Personnel Reorganization/Staffing Reduction involving the defunding of (1) vacant FTC position, transfer of (1) filled FTC position and lay-off of (3) filled FTC positions	4.0	1 FTC 3 FTC	Filled Filled	Transfer Lay-off	438,366	-	-	-	-	-	-	438,366	-	-	438,366		
2	PW-Sp. Dist.	Special Districts Staffing Reduction involving the lay-off of (1) filled FTC position in the event that the ballot measure for an increase of assessment fee levels is not approved	1.0	FTC	Filled	Lay-off	-	-	86,961	-	-	-	-	86,961	-	-	86,961		

City of Moreno Valley
2011-12 DRO Detail
NON-GENERAL FUND Total

Dept Rank	Description of Program/Function or Activity	STAFFING IMPACT			Transfer or Lay-off	FY 2011-2012		FY 2012-2013		FY 2013-2014		Total per line Item Gen Fund	One- time (Limited) DROs	(Structural) Recurring DROs
		City No.	FTC P/T	Filled/ Vacant		Total	General Fund	Total	General Fund	Total				
GRAND TOTAL CITY-WIDE NON-GENERAL FUND														
							3,600,913	-	1,768,424	-	354,883	5,724,220	-	5,724,220

Non-GENERAL FUND

DRO Position Summary Listing

FTC (Full-time Career)														
Filled - Lay-off			8.0											
Filled - Transfer to other funding sources			3.0											
Vacant			1.0											
Total FTC							12.0							
Part-time (P/T)														
Filled - Lay-off			3.0											
Filled - Transfer to other funding sources			0.0											
Vacant			0.0											
Total P/T							3.0							
Temporary (Temp)														
Filled - Lay-off			1.0											
Filled - Transfer to other funding sources			0.0											
Vacant			1.0											
Total Temp							2.0							

Department Total

17.0