



## MEMORANDUM

---

To: Moreno Valley Citizens and Businesses  
From: Henry Garcia, City Manager  
Date: March 10, 2011  
Subject: **City of Moreno Valley Budget Information**

---

As the City of Moreno Valley moves forward in the process of developing a balanced budget, it is my desire to keep our residents and businesses informed with periodic updates which we will distribute to the media and post on the City's web site. The purpose of these updates is to keep our citizens informed regarding the City's current fiscal situation and how we intend to maintain City services while addressing significant budget challenges.

Moreno Valley continues to feel the impacts of the recession. The City's General Fund revenues plummeted from a high of \$97.8 million budgeted in FY 2007-08 to a projected low of \$68 million for FY 2010-11. This represents a reduction of \$29.8 million or slightly over 30% in just three years. Finance staff is projecting an ongoing General Fund expenditure budget of approximately \$84 million for FY 2011-12 with revenues expected to come in at \$70 million. This leaves us with a structural deficit in the General Fund of \$14 million.

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues	\$97,863,162	\$88,788,060	\$74,838,348	\$68,233,400	\$70,004,260
Expenses	97,574,048	95,791,817	83,496,813	81,504,500	84,025,598

To put this deficit amount into perspective, during the past three years the City has decreased General Fund expenses by \$14 million, including the elimination of 70 General Fund positions (representing 25% of our work force). A total of 124 City positions have been eliminated overall. Yet our structural deficit is still \$14 million. Attempting to tackle such a significant deficit within one fiscal year would be devastating to our work force and the programs and services that we provide to the community. The Executive Team is developing a 3-Year Deficit Elimination Plan that will include some significant budget cuts. The goal of the Deficit Elimination Plan is to bring the revenues and expenses fully into balance by FY 2013-14, the third year of the plan. The proposed plan is a combination of significant deficit reduction options (DROs) coupled with the strategic use of fund balance in each of the next 3 years:

## City of Moreno Valley Budget Information

March 10, 2011

Page 2

Draft 3-Year Deficit Elimination Plan: Proposed Budget Cuts and Use of Reserves			
	FY 2011-12	FY 2012-13	FY 2013-14
Deficit	\$14,000,000	\$8,100,000	\$4,100,000
Proposed General Fund DROs	6,100,000	4,600,000	3,300,000
Proposed Use of Fund Balance	7,900,000	3,500,000	800,000

The City will be conducting a budget workshop for the public at 6:00 p.m. on March 23 in the City Council Chamber. The City Council also has a special study session scheduled for March 29 to discuss the proposed 3-Year Deficit Elimination Plan.

I will continue to share updated information to our residents throughout the budget process. We have some daunting challenges ahead and I look forward to receiving input from the community as we work together to maintain City services.