



## **Report to City Council**

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**TO:** Mayor and City Council  
Mayor and City Council Acting in its Capacity as President and Members of the Board of Directors of the Moreno Valley Community Services District (CSD)  
Mayor and City Council Acting in its Capacity as Chairman and Commissioners of the Moreno Valley Housing Authority (HA)  
Mayor and City Council Acting in its Capacity as Members of the Moreno Valley Successor Agency (SA)  
Moreno Valley Community Foundation (MVCF)

**FROM:** Brian Mohan, City Manager  
Launa Jimenez, Assistant City Manager

**AGENDA DATE:** May 6, 2025

**TITLE:** ADOPTION OF THE FISCAL YEAR 2025/26 – 2026/27 OPERATING BUDGET (RESO. NOS 2025-XX, CSD 2025-XX, HA 2025-XX, SA 2025-XX, MVCF 2025-XX (REPORT OF: CITY MANAGER) (ALL DISTRICTS)

**TITLE SUMMARY:** Adoption of the Fiscal Year 2025/26 – 2026/27 Operating Budget (Reso, Nos 2025-XX, CSD 2025-XX, HA 2025-XX, SA 2025-XX, MVCF 2025-XX)

**DISTRICT:** All Districts

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### **Recommendation(s)**

That the City Council:

1. Conduct a Public Hearing to Approve and Adopt Resolution No. 2025-XX, approving the Budget for the City of Moreno Valley for FY 2025/26 - 2026/27; and

2. Authorize the Chief Financial Officer to prepare/finalize the Adopted Budget Book, including the impact of the Capital Improvement Plan (CIP) once adopted by Council for the purpose of completing the Government Finance Officers Association and California Society of Municipal Finance Officers award program requirements and final distribution.

That the CSD:

1. Conduct a Public Hearing to Approve and Adopt Resolution No. CSD 2025-XX, approving the Budget for the Moreno Valley Community Services District for FY 2025/26 - 2026/27; and
2. Authorize the Chief Financial Officer to prepare/finalize the Adopted Budget Book, including the impact of the Capital Improvement Plan (CIP) once adopted by CSD for the purpose of completing the Government Finance Officers Association and California Society of Municipal Finance Officers award program requirements and final distribution.

That the Housing Authority:

1. Conduct a Public Hearing to Approve and Adopt Resolution No. HA 2025-XX, approving the Budget for the Moreno Valley Housing Authority for FY 2025/26 - 2026/27; and
2. Authorize the Chief Financial Officer to prepare/finalize the Adopted Budget Book, including the impact of the Capital Improvement Plan (CIP) once adopted by HA for the purpose of completing the Government Finance Officers Association and California Society of Municipal Finance Officers award program requirements and final distribution.

That the Successor Agency:

1. Conduct a Public Hearing to Approve and Adopt Resolution No. SA 2025-XX, approving the Budget for the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley for FY 2025/26 - 2026/27; and
2. Authorize the Chief Financial Officer to prepare/finalize the Adopted Budget Book, including the impact of the Capital Improvement Plan (CIP) once adopted by SA for the purpose of completing the Government Finance Officers Association and California Society of Municipal Finance Officers award program requirements and final distribution.

That the Moreno Valley Community Foundation:

1. Conduct a Public Hearing to Approve and Adopt Resolution No. MVCF 2025-XX, approving the Budget for the Moreno Valley Community Foundation of the City of Moreno Valley for FY 2025/26 - 2026/27; and

2. Authorize the Chief Financial Officer to prepare/finalize the Adopted Budget Book, including the impact of the Capital Improvement Plan (CIP) once adopted by MVCF for the purpose of completing the Government Finance Officers Association and California Society of Municipal Finance Officers award program requirements and final distribution.

## **SUMMARY**

This report recommends that the Council convene a Public Hearing and consider staff recommendations to approve the proposed “rollover” budget for the City of Moreno Valley for Fiscal Years 2025/26 – 2026/27. **The proposed “rollover” budget was developed based on the City’s “Momentum MoVal” strategic plan and continues to rollover the previously Council approved investments/commitments in the six strategic priorities that encompass the strategic plan.** It also includes additional investments in these priorities while still achieving the primary goal of a structurally balanced General Fund budget.

This item was presented to the Finance Subcommittee on April 22, 2025, for discussion.

## **DISCUSSION**

The proposed “rollover” budget serves as the foundation of the City’s financial planning, which highlights the City’s dedication to sound fiscal stewardship while delivering service levels in keeping the City Council’s priorities established in Momentum MoVal, the City Council’s strategic vision for Moreno Valley. This Strategic Plan aligns the City’s resources and creative energy toward meeting objectives identified by community stakeholders and approved by its elected leaders. The proposed two-year budget was developed to continue addressing the priorities identified in Momentum MoVal while maintaining a balanced budget without the use of General Fund reserves, despite State takeaways and increased County costs. This represents fourteen straight years of structurally balanced budgets and adhering to the City Council’s directive to live within our means, while providing strategic reinvestments into our community to maintain our residents quality of life. The City has been able to continue to provide a balanced budget while maintaining services through strong institutional framework, very strong management, strong financial policies and practices, and very strong budgetary flexibility.

Moreno Valley’s fiscal position remains strong; however, moderating revenues are projected to be outpaced by increasing operational costs if the current global tariff war continues to slow the U.S. economy. This proposed budget takes into consideration recession fears that are in the media headlines. As the City continues to grow in population, the infrastructure and operations continue to expand to meet the City needs of the community. The City’s tradition of sound fiscal management has allowed us to manage through tough times and provides us with a strong foundation. This coming year we face a turning point as we focus on strategies to keep us on firm fiscal footing and prepare to lay the groundwork for a sustainable fiscal future in light of recessionary fears.

Moreno Valley prides itself on being a safe, well-maintained community where we can live, do business, or raise a family. Recent state and national changes mean our City

must continue to work to maintain our financial stability and community quality of life, no matter what happens with state and federal policies that potentially affect the funding Moreno Valley and other California cities receive. However, the continued State takeaways and cost increases at the County level are beginning to impact the City's ability to provide the services and programs at the levels our residents expect and deserve, which can only be funded by continued economic development growth as the city does have roughly thirty-five percent of development available.

The City prides itself in being responsive, as well as responsible, stewards of the taxpayer dollar. In past years, the City conducted a series of community surveys, which asked the public about a range of issues, including satisfaction with some of the services we provide and issues of concern to the public. Many of the public's past responses were utilized to create the City's strategic priorities and commitments. Some of the priorities identified by the community in those surveys included:

1. Public Safety
2. Pavement & Roads
3. Maintaining safe and clean streets and parks
4. Youth programs (e.g. Afterschool programs, sports programs, libraries)
5. Addressing Homelessness

On November 5, 2024, residents of Moreno Valley passed Measure U - Moreno Valley Essential Services Reauthorization Measure. The ballot language is below for reference and was used as the priorities for this new funding source:

To maintain critical Moreno Valley services, including 911 response times, robbery/burglary prevention, neighborhood police patrols/fire service levels; address homelessness; repair streets/potholes; keep public areas safe/clean; help retain businesses; and for general government use, shall the measure establishing a locally-controlled 1¢ transaction and use (sales) tax, first enacted by local voters in 2021, generating approximately \$30,000,000 annually until ended by voters, with audits/spending disclosure, be adopted?

In preparation for this budget cycle, the city has utilized prior feedback and has taken community input on service priorities into consideration. Additionally, the City has provided an interactive budget presentation for the public utilizing Balancing Act, through an online budget simulation tool. Preparation of the budget this year required careful consideration and a balancing of the community's feedback during the budget process along with the City's strategic priorities and commitments. Each department evaluated efficiencies and reviewed costs to ensure its budget aligns with City Council's strategic priorities and goals. The result is a budget that allocates existing resources and includes additions to funding only where necessary to maintain service levels in a responsible manner.

As a result of moderating revenue growth and increasing demand for City services, coupled with County cost increases, preparation of this Budget required careful consideration and a balancing of the City's strategic priorities and commitments. Despite

rising costs, the Budget fully funds anticipated expenditures without reducing core service levels this budget cycle. The Budget allows the City to continue to provide the community with the service it expects. Anticipating and knowing where our challenges lie is critical in being able to address them, and we must, in future planning, come to agreement on a long-term budgetary solution to address State takeaways and County increases. However, the FY 2025/26 – 2026/27 General Fund Budget is balanced and comprised of revenues and transfers in of \$203.8 million and expenditures and transfers out of \$203.8 million and revenues and transfers in of \$212.8 million and expenditures and transfers out of \$212.8 million as shown below.

### ***General Fund***

|          | <b>FY 2025/26 Proposed<br/>Budget</b> | <b>FY2026/27 Proposed<br/>Budget</b> |
|----------|---------------------------------------|--------------------------------------|
| Revenues | \$ 177,977,713                        | \$ 188,978,019                       |
| Expenses | <u>177,970,713</u>                    | <u>188,971,019</u>                   |
| Variance | \$ 7,000                              | \$ 7,000                             |

### ***Measure U***

|          | <b>FY 2025/26 Proposed<br/>Budget</b> | <b>FY2026/27 Proposed<br/>Budget</b> |
|----------|---------------------------------------|--------------------------------------|
| Revenues | \$ 25,796,078                         | \$ 23,838,067                        |
| Expenses | <u>25,796,078</u>                     | <u>23,838,067</u>                    |
| Variance | \$ 0                                  | \$ 0                                 |

### ***Budget Highlights***

In addition to maintaining our budgetary discipline, FY 2025/26 - 2026/27 budget advances the key initiatives in “Momentum MoVal” and **continues to “rollover” the previously Council approved investments/commitments in the six strategic priorities that encompass the strategic plan** identified below. It also includes additional investments in these priorities while still achieving the primary goal of a structurally balanced General Fund budget:

#### ***Public Safety***

- Add eight sworn police officers (four (4) each FY) bringing the total sworn officers to 174, which is still below the number of sworn officers in 2010, which was 186. The unmandated national officer to resident ratio standard is 1 officer to every 1,000 residents, which means Moreno Valley should be at 209 officers. With the additional investments our new officer to resident ratio will be 83.3%

- Add an additional Fire Medic Squad Team since 76.5% of calls for service are medical emergencies, non-fire related calls (Vehicle and six (6) additional personnel)
- Maintain the additional investment in Public Safety (Council approved 05/2022)
  - a. Twelve (12) Officers added incrementally over the course of FY 2022/23 – FY 2024/25 (Four (4) Patrol Officers added each FY)
  - b. One (1) Office Assistant III
- Maintain the additional investment in Public Safety (Council approved 02/2022)
  - a. Fire Medic Squad Team (Vehicle and six (6) additional personnel)
  - b. Police Motors & Officers (3)
  - c. Police Clinical Behavioral Assessment Team (1)
  - d. Community Enhancement Program expansion (1)
  - e. Park Ranger Program Expansion
- Maintain the number of fire engines in service
- Maintain citywide camera system
- Drone Program expansion
- Provide additional public safety services funded through commercial cannabis activities
- Measure U anticipated funding plan determined by an analysis of the actual receipts received to ensure ultra-conservative plan can be fully funded:
  - a. Up to an additional 18 deputies
  - b. Up to an additional 6 motorcycles
  - c. Up to an additional 6 Community Service Officers
  - d. Implement First Responder Program
  - e. Up to an additional 4 Fire Patrol (similar to medic squads, but capable of carrying water as well)
  - f. Up to an additional 24 Paramedic/Fire Fighters
  - g. Additional traffic engineers, crossing guards, building & safety, and animal services personnel
  - h. Two dedicated homeless coordinators'
  - i. Possible Public Safety Campus bond to build a new facility on the east end of the city

#### *Infrastructure*

- Over \$152.9 million programed over the next two years to fund and maintain infrastructure
- Approximately \$5.0 million allocated toward annual pavement rehabilitation
- Capital Improvement Projects (CIP) – over \$82.9 million of improvements including estimated project carryover (presented to Council for adoption in June 2025)
- Complete Pavement Rehabilitation Program (10 years of Design/Repavement)
- Complete Fleet replacement purchases

- Maintain existing facilities

#### *Quality of Life*

- Maintain the additional investment in Beautification & Quality of Life (Council approved 02/2022)
  - a. Public Works Maintenance Team Expansion (11)
  - b. Park Maintenance Team Expansion (9)
- Beautify MoVal program
- CLiC – Community Learning & Internet Connectivity
  - a. Expand our WiFi Garden locations
- Expand Homeless to Work & Homeless Assistance programs
- Continue MoVal Emergency Shelter/Rapid Rehousing program
- Continued Landscape, Lighting and Maintenance support
- Laserfiche software upgrade for public records (Approved prior FY)
- Hire MoVal programs
- Critical home repair and clean up through CDBG funding
- Continue utilizing the Amphitheatre for concerts and events

#### *Youth Programs*

- 500 programs provided annually and advertised in the Soaring Guides
- Maintenance of 675.77 acres of parkland and trails
- Mayor's apprentice program (MAPPED)
- Summer at City Hall - Val Verde USD
- ASTERISK internship program – Moreno Valley USD
- Promise Initiative - Moreno Valley College
- \$1 million for Crossing Guards
- \$9.3 million ASES Grant program (serve more than 4,000 students daily at 43 elementary and middle school sites). This program is no longer in the budget as the California Department of Education has moved the funding to Moreno Valley Unified School District and Val Verde Unified School District effective July 1, 2025. The city is working with both districts to ensure continuity of programs to ensure our residents see minimal impacts.
- \$1 million Child Care program (year-round licensed childcare serving 142 children at five elementary school sites)
- Portions of Community Development Block Grants focused on youth services

#### *Library*

- Pursue design phase of main library renovation (ADA improvements)
- Increase broadband connections to better serve customers (WiFi and mobile hotspots)

- Provide access to emerging technologies at the libraries (STEAM-based literacy, career advancement, and personal enrichment)

#### *Economic Development*

- Maintain City's Economic Development Team efforts to attract, retain and grow businesses
- Continued marketing and outreach efforts
- Funding to the Business & Employment Resource Center (BERC), which is designated as an America's Job Center of California
- Economic and Community Development staff support

### **Transparency and Public Outreach**

This review of the proposed budget provides a public process to discuss the City's proposed budget with the City Council and public to make the process as transparent as possible. The review of the budget as part of this initial adoption, subsequent amendments, and periodic reviews provides an ongoing public process to monitor expenditures and revenues throughout the fiscal years.

As part of the budget adoption process, the City Council has requested a series of discussions related to the proposed budget long-term financial issues impacting the City. These discussions occurred through various City Council meetings and study sessions, with the intent to review and discuss details and related impacts. Information presented on these topics was posted on the City's web site as part of the posted Agenda Packets. The following provides a summary of some of the budget programs, concepts and activities which have occurred to date:

|           |   |
|-----------|---|
| December: | Internal City Budget Process Began                                      |
| January:  | Budget Kickoff  |
|           | Online Balancing Act (Budget Simulation Tool)                           |
| March:    | City Clerk Department Presentation (Study Session)                      |
|           | City Attorney Litigation Presentation (Study Session)                   |
|           | Financial & Management Services Department Presentation (Study Session) |
|           | Human Resources Department Presentation (Study Session)                 |
|           | Parks & Community Services Department Presentation (Study Session)      |
| April:    | City Manager Department Presentation (Study Session)                    |
|           | Community Development Department Presentation (Study Session)           |
|           | Economic Development Department Presentation (Study Session)            |
|           | Fire Department Presentation (Study Session)                            |
|           | Police Department Presentation (Study Session)                          |
|           | Public Works Department Presentation (Study Session)                    |



May/June: Finance Subcommittee (Updates) City Manager's Proposed Budget  
Operating Budget Adoption (Public Hearing)  
Capital Improvement Plan & Budget Adoption (Public Hearing)

## **ALTERNATIVES**

1. Approve Recommended Actions as set forth in this staff report, including the approval of the Proposed Budget for FY 2025/26 – 2026/27. The approval of the budget will allow for the estimated revenues and appropriations to be established as set forth in the Proposed Budget plan. *Staff recommends this alternative.*
2. Provide staff with further direction.

## **FISCAL IMPACT**

The FY 2025/26 – 2026/27 Budget provides the funding and expenditure plan for all operating funds. As such, it serves as the City's financial plan for the upcoming two fiscal years. The City Council will be kept apprised of the City's financial condition through Quarterly Budget Reviews. This practice has been utilized in the past and will be continued during this two-year funding cycle to ensure that the City Council is apprised of the revenue and expense progress compared to the budget. Any unexpected changes in revenues or expenditures will be analyzed and addressed quickly to maintain the integrity of the budget.

## **NOTIFICATION**

Publication of the agenda. In addition, the proposed budget programs and concepts were presented in Study Sessions, a Finance Subcommittee Meeting, and a Public Safety Subcommittee Meeting. A notice was published on April 23, 2025, in the Press Enterprise, noticing the date of the Public Hearing.

## **PREPARATION OF STAFF REPORT**

Prepared By:  
Stephanie Cuff  
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Department Head Approval:  
Dena Heald  
CFO/City Treasurer

Concurred By:  
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Financial Resources Division Manager

Approved by:  
Brian Mohan  
City Manager

Concurred By:  
Launa Jimenez  
Assistant City Manager (Administration)

## **CITY COUNCIL GOALS**

Advocacy: Develop cooperative intergovernmental relationships and be a forceful advocate of City policies, objectives, and goals to appropriate external governments, agencies and corporations.

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

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

Public Facilities and Capital Projects: Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

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

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

## **CITY COUNCIL STRATEGIC PRIORITIES**

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

## Report Approval Details

|                      |  |
|----------------------|--|
| Document Title:      | STAFFREPORT_CM_BUDGET_ADOPTION.docx  |
| Attachments:         | <ul style="list-style-type: none"><li>- City Resolution 2025-XX.pdf</li><li>- CSD Resolution 2025-XX.pdf</li><li>- HA Resolution 2025-XX.pdf</li><li>- SA Resolution 2025-XX.pdf</li><li>- MVCF Resolution 2025-XX.pdf</li></ul> |
| Final Approval Date: | May 1, 2025  |

This report and all of its attachments were approved and signed as outlined below:

Dena Heald

Launa Jimenez

Patty Rodriguez