



Report to City Council

TO: Mayor and City Council

FROM: Dena Heald, Chief Financial Officer/City Treasurer

AGENDA DATE: June 17, 2025

TITLE: AMENDMENT NO. 12 TO THE LOAN AGREEMENT BETWEEN THE CITY OF MORENO VALLEY AND THE POLICE FACILITIES DEVELOPMENT IMPACT FEE FUND (RESO. NO. 2025-XX) (REPORT OF: FINANCIAL & MANAGEMENT SERVICES) (ALL DISTRICTS)

TITLE SUMMARY: Adopt a Resolution Authorizing Amendment No. 12 to the Loan Agreement with the City of Moreno Valley and the Police Facility DIF Fund

DISTRICT: All Districts

Recommendation(s)

That the City Council:

1. Adopt a Resolution of the City Council of the City of Moreno Valley, California, authorizing Amendment No. 12 to the loan agreement between the City of Moreno Valley and the Police Facility Development Impact Fee Fund.

SUMMARY

Staff recommends the City Council adopt the proposed resolution approving Amendment No. 12 to the interfund loan agreement between the General Fund and the Police Facilities Development Impact Fee Fund (herein "Police Facility DIF") for \$5,750,000.

Due to the timing of development impact revenues, the Police Facility DIF is currently reporting a cash balance, which will require a loan from the General Fund to comply with Generally Accepted Accounting Principles. These loans will be updated annually until

such time as the revenues received by the Development Impact Fee funds are sufficient to extinguish the loan balances.

DISCUSSION

The City Council has approved the levy of a fee to mitigate the impacts of new development on various public facilities pursuant to the California Mitigation Fee Act. These fees are collected and recorded in separate funds pending the allocation of available funds for capital projects or to pay debt service on public facilities or improvements that were constructed from bond proceeds.

Due to the timing of development impact revenues, the Police Facility DIF is currently reporting a cash balance, which will require a loan from the General Fund to comply with Generally Accepted Accounting Principles. These loans will be updated annually until such time as the revenues received by the Development Impact Fee funds are sufficient to extinguish the loan balances.

The following table shows the activity for the current fiscal year and the ending loan balances to be recorded. If approved, these entries will be recorded for June 30, 2025 and then the funds will be re-evaluated in June 2026.

Fund	Loan Balance 6/30/24	Repayment	Loan Increase	Loan Balance 6/30/25
Police Facilities DIF	\$6,000,000	\$250,000	\$0	\$5,750,000

Police Facility Development Impact Fees from \$6,000,000 to \$5,750,000:

In June 2005, the City issued the 2005 Lease Revenue Bonds in the amount of \$48.2 million. Included in the approved projects for the bonds were various projects which were to be repaid through the utilization of Development Impact Fees (DIF) that were to be collected from developers in future years. These projects included the expansion of the Public Safety Building, the construction of the Emergency Operations Center (EOC) building, Fire Station 58 and various arterial street projects. The bond documents called for the repayment of this bond over the following 30 years with the final payment occurring in November 2035.

On August 9, 2024, the bonds were refinanced to reduce the overall debt service payment. Although the bonds are secured by the General Fund, the revenue stream from DIF for Arterial Streets, Police Facility and Fire Facilities was pledged to meet these annual debt service requirements associated with each of the funds. The payment of existing debt service has been identified as the first priority from the development fee funds.

The annual debt service requirement attributable to the Police Facility DIF is approximately \$558,000 per year until FY 2035. Based on balances in the fund at the close of FY 2023-24 and the projected activities during FY 2024-25, the Police Facility DIF fund is expected to make a loan repayment in the amount of \$250,000.

ALTERNATIVES

1. Adopt proposed resolution approving Amendment No. 12 to the Loan Agreement approved in the resolution approving a loan from the General Fund to the Police Facility Development Impact Fee fund (\$5,750,000). *Staff recommends this alternative because this authorizes the recordation of the revised loan amounts to address current cash balances in these funds and allows the City to remain in compliance with Generally Accepted Accounting Principles.*
2. Do not adopt proposed resolution approving Amendment No. 12 to the Loan Agreement and provide staff with other direction. *Staff does not recommend this alternative because it will not address the current cash balances in these funds and the City's financial statements may not comply with Generally Accepted Accounting Principles.*

FISCAL IMPACT

The total loan balance amount of \$5,750,000 received from the General Fund (1010) to the Police Facility DIF Fund (2904) will continue to be designated as non-spendable until the loan is repaid. As Development Impact Fee revenues, related to the Police Facility DIF account are received, they will be applied to the remaining balance to continue to reduce the outstanding loan amount for these funds.

NOTIFICATION

Publication of the agenda

PREPARATION OF STAFF REPORT

Prepared By:
Felicia London
Deputy Finance Director

Department Head Approval:
Dena Heald
Chief Financial Officer/City Treasurer

CITY COUNCIL GOALS

None

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_FMS_DIF POLICE.docx
Attachments:	- RESOLUTION 2025-.docx - Exhibit A - Loan Agreement Amendment No. 12.docx
Final Approval Date:	Jun 10, 2025

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

Natalia Lopez

Dena Heald

Launa Jimenez

Brian Mohan

Patty Rodriguez