



Staff Report

---

**File #:** 24-0585

---

**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 08/07/2024

**TO:** Honorable Mayor and City Council Members

**FROM:** Finance Department

**SUBJECT:**  
FISCAL YEAR 2024 QUARTER 4 BUDGETARY ADJUSTMENTS

**EXECUTIVE SUMMARY:**

This staff report asks the Council to consider budgetary adjustments for Fiscal Year 2024, based on the Quarter 4 results and staff recommendations for funding level changes. On a quarterly basis, staff presents an update to the City Council on the current fiscal year revenue and expenditures. As part of the process, departments review the operating and capital improvement project funding levels and provide recommendations for budgetary adjustments. For Quarter 4, staff recommends appropriating \$2,368,141 as noted in Exhibit 1.

**RECOMMENDED ACTION:**

**That the City Council:**

- a. Appropriate up to \$2,368,141 from multiple funds as noted in Exhibit 1 - Appropriations, Estimated Revenues, and Transfers.
- b. Authorize the City Manager, or his designee, to issue a Change Order to L.N. Curtis & Sons' Blanket Purchase Order (B240985) in the amount of \$93,000 for a total purchase order amount of \$378,000 for Fiscal Year 2024 and approve a purchase order by the same amount for Fiscal Year 2025 for the purchase of public safety equipment.
- c. Approve and authorize the City Manager, or his designee, to execute the First Amendment to the Maintenance/General Services Agreement with Wach Water Services (Wachs) and increase total compensation to \$650,000 for the Water System Distribution Valve and Hydrant Assessment, Testing and Information Management Program.
- i. Authorize the City Manager, or his designee, to issue a Change Order to Wach Water

Services' Blank Purchase Order (B240822) in the amount of \$100,000 for a total Purchase Order amount of \$650,000.

- d. Approve and authorize the City Manager, or his designee, to execute the Sixth Amendment to the Maintenance/General Services Agreement with Rockey Murata Landscape Maintenance Services, Inc. and increase total compensation to \$567,470 for Landscape Maintenance Services for LMD, CFD, and Fire Station Area #3.
  - i. Authorize the City Manager, or his designee, to issue a Change Order to Rockey Murata Landscape Maintenance Services' Blanket Purchase Order (B241227) for a total purchase order amount of \$567,470.
- e. Approve and authorize the City Manager, or his designee, to execute the Second Amendment to the Maintenance/General Services Agreement with Tropical Plaza Nursery, Inc. and increase total compensation to \$672,842 for Landscape Maintenance Services for Areas 1 and 5.
  - i. Authorize the City Manager, or his designee, to issue a Change Order to Tropical Plaza Nursery's Blanket Purchase Order (B241155) for a total purchase order amount of \$672,842.
- f. Approve and authorize the City Manager, or his designee, to execute the Fourth Amendment to the Maintenance/General Services Agreement with Tropical Plaza Nursery, Inc. and increase total compensation to \$537,131 for Landscape Maintenance Services for Area 2 Zone 10.
  - i. Authorize the City Manager, or his designee, to issue a Change Order to Tropical Plaza Nursery's Blanket Purchase Order (B241144) for a total purchase order amount of \$537,131.
- g. Approve and authorize the City Manager, or his designee, to execute the Sixth Amendment to the Maintenance/General Services Agreement with Orozco Landscape and Tree Company and increase total compensation to \$119,235 for Landscape Maintenance Services for Areas 2 and 3.
  - i. Authorize the City Manager, or his designee, to issue a Change Order to Orozco Landscape and Tree Company's Blanket Purchase Order (B241333) for a total purchase order amount of \$119,235.
- h. Authorize a continuing appropriation in the amount of \$200,000 in the Communication Division's operating budget within the Measure X Fund 120 for the City of Corona's brand implementation.
- i. Authorize a continuing appropriation in the amount of \$80,177 in the Planning and Development's operating budget within the Measure X Fund 120 for the lobby refresh project.

**That the Corona Utility Authority** review, ratify, and to the extent necessary, direct that the City

Council take the above action.

**BACKGROUND & HISTORY:**

On a quarterly basis, the Finance Department provides a budget update to the City Council. As part of the quarterly process, departments provide operating and capital improvement project (CIP) adjustments that need to be addressed in the fiscal year (FY). The Finance Department prepares a consolidated request for the City Council's consideration.

**ANALYSIS:**

Item a - Appropriate \$2,368,141 from multiple funds as noted in Exhibit 1 - Appropriations, Estimated Revenues, and Transfers. The information below summarizes the recommended appropriations. The complete list is provided in Exhibit 1 - Appropriations, Estimated Revenues, and Transfers.

**Appropriations****1. Air Conditioner Replacement at Circle City Center**

The air conditioner unit at the Circle City Center has failed and an emergency replacement is needed. There is no CIP for this expenditure and the maintenance contingency budget has been exhausted. Staff recommends an appropriation in the amount of \$13,888 to the Community Services Department's operating budget within the General Fund 110.

**2. Air Conditioner Replacement at Utilities Building**

The rooftop air conditioner unit at the Utilities building failed and an emergency replacement is needed. There is no CIP for this expenditure and the maintenance contingency budget has been exhausted. Staff recommends an appropriation in the amount of \$16,275 to the Community Services Department's operating budget within the General Fund 110.

**3. Water Heater and Heat Pump Replacement at 735 Public Safety Way**

The water heater and heat pump failed. The water heater is an extra-large special-order unit. This unit supplies all hot water to the building and main locker rooms/showers and needs to be replaced as soon as possible to keep the showers operational. Staff recommends an appropriation in the amount of \$13,988 to the Community Services Department's operating budget within the General Fund 110.

**4. Landscape Maintenance**

Various Landscape Maintenance Services increased in accordance with the Consumer Price Index (CPI), however, agreements and corresponding budget did not reflect that change for FY 2024. Breakdown of service increases is shown below:

<b>Contractor Name</b>	<b>Amount</b>
Rocky Murata	\$42,000
Orozco Parks	\$19,235
Tropical Plaza (Zone 1 & 5)	\$48,750

Tropical Plaza (Zone 10)	\$56,586
<b>Total</b>	<b>\$166,571</b>

Staff recommends appropriations, totaling \$166,571, from multiple funds as identified in Exhibit 1 - Appropriations, Estimated Revenues and Transfers.

**5. Citywide Emergency Plumbing Repairs**

Citywide emergency plumbing repairs are needed. Staff recommends an appropriation in the amount of \$12,913 to the Community Services Department's operating budget within the General Fund 110.

**6. Fire Facility Maintenance**

Fire Department is requesting a one-time budget increase for hazmat services and unanticipated cost of large hazmat foam disposal that took place in FY 2024. Staff recommends an appropriation in the amount of \$10,471 to the Fire Department's operating budget within the General Fund 110.

**7. Zero Emissions Vehicle Charging Infrastructure Plan**

The Capital Improvement Program Division within the Public Works Department is requesting \$75,000 to create a new CIP titled, "Zero Emissions Vehicle Charging Infrastructure Improvements." Due to the recently adopted California Air Resources Board (CARB) Zero Emissions Vehicle (ZEV) mandate, all new and replacement medium and heavy-duty vehicles are required to have zero emissions by the year 2027. The proposed project will conduct feasibility studies, identify future projects, and pursue competitive funding to prepare for the zero-emissions fleet transition.

Staff recommends an appropriation of \$75,000 from Measure X Fund 120 to create the "Zero Emissions Vehicle Charging Infrastructure Improvements" CIP and amend the FY 2025 Capital Improvement Plan. City staff will use the funds to initiate the project.

**8. CFD and LMD budget adjustments**

Budget for Citywide contribution from CFD to General Fund and other fees were omitted in error and estimated to run over budget in FY 2024. In addition, various maintenance contracts for Community Facility District and Landscape Maintenance District increases were higher than anticipated due to CPI increase. Staff recommends appropriations, totaling \$59,035, from multiple funds as identified in Exhibit 1 - Appropriations, Estimated Revenues and Transfers.

**9. Waterline Infrastructure Operating Maintenance Project No. 71930**

The water infrastructure system has experienced an increased number of water leaks and breaks, as well as an increase in costs of materials and services over the last two years, all contributing to expenses that exceed the original projections. The budget proposed for this CIP in FY 2024 was an estimate based on FY 2022 actual expenditures in the middle of FY 2023. Staff recommends an appropriation in the amount of \$200,000 in FY 2024 from the Water Utility Fund 570 to the Waterline Infrastructure Operating and Maintenance Project No. 71930 to complete all the required maintenance work on the water infrastructure system.

**10. Litigation Settlement Payment**

Staff recommends an appropriation up to \$1,800,000 to the Liability Risk Retention Fund 687. Final

appropriation amount will be based on the actual year-end expenditures.

Item b - Authorize the City Manager, or his designee, to issue a Change Order to L.N. Curtis & Sons' Blanket Purchase Order (B240985) in the amount of \$93,000 for a total purchase order amount of \$378,000 for FY 2024 and approve a purchase order (PO) by the same amount for FY 2025 for the purchase of public safety equipment.

The PO that was approved on June 21, 2023, by the City Council for the purchase of public safety equipment in the amount of \$285,000 through June 30, 2024, is overspent. Due to unanticipated purchases, the Fire Team, with notification to the Police Team, would like an increased total compensation amount of \$378,000 per year for FY 2024 and 2025 with L.N. Curtis & Sons to pay for outstanding invoices before the FY 2024 cutoff.

Item c - Approve and authorize the City Manager, or his designee, to execute the First Amendment to the Maintenance/General Services Agreement with Wach Water Services (Wachs) and increase total compensation by \$650,000 for the Water System Distribution Valve and Hydrant Assessment, Testing and Information Management Program.

On January 4, 2023, Wachs Water Services (Wachs) was awarded a Maintenance/General Services Agreement (MGSA) to provide Water System Distribution Valve and Hydrant Assessment, Testing and Information Management Program in the amount of \$550,000 per year, for multi-year on-call valve and hydrant maintenance assessment services. Wachs is currently performing the valve assessment program for the City wherein 20,214 main/hydrant valves and 8,861 hydrants will be assessed over the 4-year cycle (approximately 5,053 valves per year and 2,215 hydrants per year). To keep the 4-year cycle on track, additional quantities of valves were exercised in FY 2024 to make the FY 2023 cycle complete. Therefore, in FY 2024, Wachs serviced 6,730 valves and 3,044 hydrants, which is an increase of 1,676 additional valves and 829 hydrants. This resulted in additional costs.

Item d - Approve and authorize the City Manager, or his designee, to execute the Sixth Amendment to the Maintenance/General Services Agreement with Rockey Murata Landscape Maintenance Services, Inc. and increase total compensation to \$567,470 for Landscape Maintenance Services for LMD, CFD, and Fire Station Area #3.

Landscape Maintenance Services increased in accordance with the Consumer Price Index (CPI), however, agreements and corresponding budget did not reflect that change for FY 2024.

Item e - Approve and authorize the City Manager, or his designee, to execute the Second Amendment to the Maintenance/General Services Agreement with Tropical Plaza Nursery, Inc. and increase total compensation to \$672,842 for Landscape Maintenance Services for Areas 1 and 5.

Landscape Maintenance Services increased in accordance with the Consumer Price Index (CPI), however, agreements and corresponding budget did not reflect that change for FY 2024.

Item f - Approve and authorize the City Manager, or his designee, to execute the Fourth Amendment to the Maintenance/General Services Agreement with Tropical Plaza Nursery, Inc. and increase total compensation to \$537,131 for Landscape Maintenance Services for Area 2 Zone 10.

Landscape Maintenance Services increased in accordance with the Consumer Price Index (CPI), however, agreements and corresponding budget did not reflect that change for FY 2024.

Item g - Approve and authorize the City Manager, or his designee, to execute the Sixth Amendment to the Maintenance/General Services Agreement with Orozco Landscape and Tree Company and increase total compensation to \$119,235 for Landscape Maintenance Services for Areas 2 and 3. Landscape Maintenance Services increased in accordance with the Consumer Price Index (CPI), however, agreements and corresponding budget did not reflect that change for FY 2024.

Item h - Authorize a continuing appropriation in the amount of \$200,000 in the Communication Department's operating budget within Measure X Fund 120 for City of Corona's brand implementation.

Brand implementation is well underway with significant progress made in updating many digital assets, print materials, and branded assets. However, there is additional work to be done. The communications department is requesting continuing appropriation funds to continue the comprehensive implementation of City's brand.

Item i - Authorize a continuing appropriation in the amount of \$80,177 in the Planning and Development's operating budget within Measure X Fund 120 for the lobby refresh project.

The Planning and Development lobby refresh project was approved and funded as part of the FY 2024 budget. The PO was completed this past week allowing us to schedule the contractor to begin new counter installation and subsequent remodeling work to be completed with rolled-over funds.

**FINANCIAL IMPACT:**

Approval of recommended action a will have financial impacts as noted below. There is sufficient fund balance or working capital available in each of the respective funds for approval of the recommended actions.

<b>Fund</b>	<b>Appropriations</b>	<b>Estimated Revenue Increase</b>	<b>Net Impact</b>
General Fund (110)	112,975	-	112,975
Measure X Fund (120)	75,000	-	75,000
CFD 2016-3, Zn 12 Lemon Grove Fund (235)	35	-	35
CFD 2001-1, Drainage MTCE Fund (246)	400	-	400
CFD 2002-2, Landscape Maint Fund (247)	14,746	-	14,746
CFD 97-1, Landscape Maint Fund (248)	3,340	-	3,340
CFD 2001-1, Landscape Maint Fund (249)	9,731	-	9,731
CFD 2002-3, Landscape Maint Fund (251)	634	-	634

CFD 2011-1, Landscape/Lighting Fund (253)	11,850	-	11,850
CFD 2016-3, Zone-2 Boardwalk (257)	5,419	-	5,419
LMD 84-2, Zone 2 Fund (455)	36,641	-	36,641
LMD 84-2, Zone 6 Fund (457)	30,370	-	30,370
LMD 84-2, Zone 7 Fund (458)	1,919	-	1,919
LMD 84-2, Zone 10 Fund (460)	48,750	-	48,750
LMD 84-2, Zone 14 Fund (461)	2,599	-	2,599
LMD 84-2, Zone 17 Fund (463)	365	-	365
LMD 84-2, Zone 18 Fund (464)	1,950	-	1,950
LMD 84-2, Zone 19 Fund (468)	7,787	-	7,787
LMD 84-2, Zone 20 Fund (470)	3,630	-	3,630
Water Utility Fund (570)	200,000	-	200,000
Liability Risk Retention Fund (687)	1,800,000	-	1,800,000
<b>Total</b>	<b>\$2,368,141</b>	<b>\$ -</b>	<b>\$2,368,141</b>

Approval of recommended actions b, c, d, e, f, g, h, and i will have no additional financial impact.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environment Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to approve budgetary adjustments for FY 2024, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** JULIE KENNICUTT, BUDGET MANAGER

**REVIEWED BY:** KIM SITTON, FINANCE DIRECTOR

**Attachments:**

1. Exhibit 1 - Appropriations, Estimated Revenues, and Transfers
2. Exhibit 2 - First Amendment Wachs Water Services
3. Exhibit 3 - Sixth Amendment Rockey Murata
4. Exhibit 4 - Second Amendment Tropical Plaza Nursery (Areas 1 and 5)
5. Exhibit 5 - Fourth Amendment Tropical Plaza Nursery (Area 2 Zone 10)
6. Exhibit 6 - Sixth Amendment Orozco Landscape and Tree Company