



Staff Report

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**File #:** 23-0590

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 08/02/2023

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

**FROM:** Finance Department

**SUBJECT:**  
FISCAL YEAR 2023 QUARTER 4 BUDGETARY ADJUSTMENTS

**EXECUTIVE SUMMARY:**

This staff report asks the City Council to consider budgetary adjustments for Fiscal Year 2023, 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.

**RECOMMENDED ACTION:**

**That the:**

- a. City Council authorize an appropriation in the amount of \$498,516 from the General Fund to the Planning and Development Department's operating budget to replenish the Inspection Division for various deposits collected throughout the fiscal year associated with inspection fees.
- b. City Council authorize a continuing appropriation in the amount of \$100,000 in the Information Technology Department within Measure X Fund 120 for Asset Management Software.
- c. City Council authorize an appropriation in the amount of \$65,842, from the Library Facilities and Collection Fee Fund 206 to purchase and process library materials.
- d. City Council authorize an appropriation in the amount of \$17,299 to the LMD 84-2 Zone 2 Fund 455 to offset the overage due to first year of grid pruning.

- e. City Council authorize an appropriation in the amount of \$2,091 to the LMD 84-2 Zone 20 Fund 470 to offset the overage due to first year of grid pruning.
- f. City Council authorize an appropriation in the amount of \$1,091 to the Eagle Glen HOA Streetlight Fund 473 due to an increase in electric utility costs with Southern California Edison.
- g. City Council authorize an appropriation in the amount of \$43,842 to the Workers Compensation Fund 683 due to an increase in medical related incidents.
- h. City Council and Corona Utility Authority authorize a contract amendment and change order for Global Power Group, Inc. for Generator Preventative Maintenance and As-Needed Repairs.
  - i. Approve the Second Amendment to the Maintenance/General Services Agreement with Global Power Group, Inc. to increase the amount by \$13,000, to \$255,000 for Generator Preventative Maintenance and As-Needed Repairs, for Fiscal Year 2023 and the remainder of the awarded contract, including optional renewals.
  - ii. Authorize the City Manager, or his designee, to process a change order for Global Power Group, Inc. to increase the amount by \$13,000, to \$255,000 for Fiscal Year 2023 and the remainder of the award, including optional renewals.
  - iii. Authorize the City Manager, or his designee, to negotiate and execute non-substantive extensions, change orders, and amendments up to 10%, or \$25,500, as authorized in [Corona Municipal Code Section 3.08.050\(H\)](#).
  - iv. That the Corona Utility Authority review, ratify, and to the extent necessary, direct the City Council take the above actions.

### **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 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:**

**Recommended Action a: Authorize an appropriation in the amount of \$498,516 from the General Fund to the Planning and Development Department's operating budget to replenish the Inspection Division for various deposits collected throughout the fiscal year associated with inspection fees**

The Inspection Division within the Planning and Development Department collects deposits from contractors, developers, utility companies, and other agencies alike. Deposits are collected for sewer and water inspection fees, overtime inspection fees, and other miscellaneous encroachment permits that do not have a fee and are used to bill inspectors' time on projects to ensure 100% cost recovery. Staff time spent on projects draw down against the deposit and is recorded as revenue. Revenue (Reimbursed Expenses - Inspection) received is being requested to be appropriated to the Inspection Division's operating budget.

**Recommended Action b: Authorize a continuing appropriation in the amount of \$100,000 in the Information Technology Department within Measure X Fund 120 for Asset Management Software**

In Fiscal Year 2023, the budget was approved for \$100,000 to purchase asset management software. Public Works couldn't purchase the software during the fiscal year due to the delay in hiring an Asset Management Coordinator; the position has been filled, and the department can consider new software. Therefore, Public Works requests funding to carry over to FY 2024 for the software purchase.

**Recommended Action c: Authorize an appropriation of \$65,842, from the Library Facilities and Collection Fee Fund 206**

Residential Development Impact Fees are applied to the digital and print collections of the Public Library and monies accumulated in the account are to be used solely to purchase and process library materials.

**Recommended Action d: Authorize an appropriation in the amount of \$17,299 to the LMD 84-2 Zone 2 Fund 455 to offset the overage due to first year of grid pruning**

This overage was due to this LMD being trimmed in year one of the grid pruning cycle. Going forward now that grid pruning has been adopted, the appropriate budget will be requested during the budget process. Community Services requests an appropriation for Fund 455 (LMD 84-2 Zone 2) from fund balance to offset the overage.

**Recommended Action e: Authorize an appropriation in the amount of \$2,091 to the LMD 84-2 Zone 20 Fund 470 to offset the overage due to first year of grid pruning**

This overage was due to this LMD being trimmed in year one of the grid pruning cycle. Going forward now that grid pruning has been adopted, the appropriate budget will be requested during the budget process. Community Services requests an appropriation for Fund 470 (LMD 84-2 Zone 20) from fund balance to offset the overage.

**Recommended Action f: Authorize an appropriation in the amount of \$1,091 to the Eagle Glen HOA Streetlight Fund 473 due to an increase in electric utility costs with Southern California Edison**

Increase in electric utility costs, previously not budgeted, were due to January and March 2023 rate increases.

**Recommended Action g: Authorize an appropriation in the amount of \$43,842 to the Workers Compensation Fund 683 due to an increase in medical related incidents**

The City experienced a surge in surgeries, particularly related to knees, backs, and shoulders. Switching providers also led to additional surgeries to correct previous issues. This situation has resulted in higher treatment costs which were not initially anticipated or included in the original budget. As a consequence of the increased surgeries and potential complications, employees have been taking longer periods off from work.

**Recommended Action h: Contract Amendment and Change Order**

Authorize a contract amendment and change order for Global Power Group, Inc. for Generator Preventative Maintenance and As-Needed Repairs.

On October 6, 2021, the City Council awarded Notice of Inviting Bid (NIB) 22-001RH for Generator Preventative Maintenance and As-Needed Repairs to Global Power Group, Inc. (GPG) in the amount of \$220,000. GPG is a shared contract used mainly by two departments. The Community Services Department (CSD) and the Utilities Department (UD) oversee the generators at various City locations, and a third-party contractor is utilized to complete the preventative maintenance services and as-needed repairs.

In Fiscal Year 2023 (FY 2023), several large generators needed preventative maintenance. Additionally, unforeseen emergency generator rental charges and some repairs that cost higher than originally estimated were incurred. Staff is requesting to approve change order no. 2 in the amount of \$13,000 to Global Power Group, Inc. to pay for services through the end of FY 2023, as well as an updated 10% change order authority, or \$25,500, to allow for contingency in future fiscal years through the end of the awarded contract, including optional renewals.

**FINANCIAL IMPACT:**

Approval of Action a will result in an appropriation in the amount of \$498,516 from the General Fund to the Planning and Development Department's operating budget. There is sufficient fund balance in the General Fund for the recommended action.

Approval of Action b will have no additional financial impact.

Approval of Actions c, d, e, f, and g will result in appropriations, as noted below. There is sufficient fund balance in each of the respective funds for the recommended actions.

- Action c - \$65,842 Library Facilities and Collection Fee Fund 206
- Action d - \$17,299 LMD 84-2 Zone 2 Fund 455
- Action e - \$2,091 LMD 84-2 Zone 20 Fund 470
- Action f - \$1,091 Eagle Glen HOA Streetlight Fund 473
- Action g - \$43,842 Workers Compensation Fund 683

Approval of Action h is already included in the FY 2023 budget. Approval of item does not have an additional financial impact.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense 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 Fiscal Year 2023, 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.

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

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

**Attachments:**

1. Exhibit 1 - 2<sup>nd</sup> Amendment Global Power Group