



Staff Report

File #: 23-0072

REQUEST FOR CITY COUNCIL

DATE: 02/01/2023

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:
Fiscal Year 2023 Quarter 2 Budgetary Adjustments.

EXECUTIVE SUMMARY:

The City Council will consider budgetary adjustments for Fiscal Year 2023 based on the Quarter 2 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 approve the following General Fund budgetary adjustments:
 - i. Transfer funds in the amount of \$250,000 from the salaries/benefits budget to the operations budget in the Planning and Development general fund budget, for the Second Amendment to an existing Professional Services Agreement with Advanced Applied Engineering, Inc. dba Infrastructure Engineers, which was approved on December 7, 2022.
 - ii. Appropriate \$50,000 to the Economic Development Department operating budget for on-call professional appraisal and real estate consulting services.
 - iii. Appropriate \$40,877 to the Human Resources Department operating budget and authorize one full-time (1) Human Resources Analyst.
- b. City Council appropriate \$64,000 in the Traffic Offender Fund 422 for various equipment needs.
- c. City Council appropriate \$500,000 in the Sewer Utility Fund 572 for the Water Reclamation

Facility #3 Lift Station Capital Improvement Project No. 69881.

- d. City Council appropriate \$60,000 from the Greenfield Electric Utility Fund 578 to the Capital Improvement Project No. 76280 to perform Arc Flash Study for Electric Utility Infrastructure.
- e. City Council appropriate \$42,000 in the Information Technology Department Fund 681, for the purchase of Placer AI.
- f. City Council approve a change order and operating budget transfer for MV Cheng and Associates, Inc., ("MV Cheng") for temporary staffing services.
 - i. Approve the First Amendment to the Professional Services Agreement with MV Cheng in the amount of \$250,000 for temporary staffing services.
 - ii. Authorize the City Manager, or his designee, to increase Purchase Order B230495 for MV Cheng and Associates from \$100,000 to \$250,000.
 - iii. Authorize the City Manager, or his designee, to negotiate and execute non-substantive extensions, change orders, and amendments up to 10% of total contract cost, or \$25,000, as authorized by Corona Municipal Code Section 3.08.070(I).
 - iv. Approve a budgetary transfer, currently estimated at \$135,000, from the salaries/benefits budget to the operations budget in the Finance Department's general fund budget.
- g. City Council approve change orders for Inland Water Works, Western Water Works, C-Wells, Core & Main, and Ferguson Waterworks for the purchase of pipeline materials on an as needed basis following Corona Municipal Code Section 3.08.080.
 - i. Authorize the City Manager, or his designee, to increase Purchase Orders B230252 to Inland Water Works, B230254 to Wester Water Works, B230136 to C-Wells, B230116A to Core & Main, and B230094 to Ferguson Waterworks from \$100,000 to \$500,000 each for FY 2023 for the purchase of pipeline materials on an as needed basis following Corona Municipal Code Section 3.08.080.
 - ii. Authorize the City Manager, or his designee, to issue purchase orders to Inland Water Works, Western Water Works, C-Wells, Core & Main, and Ferguson Waterworks in the amount of \$500,000 each starting FY 2024 and for subsequent years for the purchase of pipeline materials on an as needed basis following Corona Municipal Code Section 3.08.080.
- h. City Council appropriate a total of \$9,222, from the following funds: Reclaimed Water Utility Fund 567, Water Utility Fund 570, Sewer Utility Fund 572, Electric Utility Fund 576, and Greenfield Electric Utility Fund 578 to the Utilities Department Fiscal Year 2023 operating budget and authorize one (1) part-time Customer Care Assistant.
- i. Corona Utility Authority (CUA) review, ratify, and to the extent necessary, direct that 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. The Finance Department prepares a consolidated request for the City Council's consideration.

ANALYSIS:

Item a - General Fund budgetary adjustments

- i. The Planning and Development Department is requesting a transfer from the savings in the salaries/benefits budget to the operations budget, in the amount of \$250,000. On December 7, 2022, City Council approved a Second Amendment to the Professional Services Agreement with Advanced Applied Engineering, Inc. dba Infrastructure Engineers, to increase the total compensation by \$250,000 to provide temporary professional staffing services. The Staff Report inadvertently did not include a formal request for a budget adjustment to move the funds, and this action will formally clarify this intent.

- ii. The Economic Development Department is requesting an appropriation of \$50,000 for on-call professional appraisal and real estate consulting services to assist in the disposition of City assets and potential acquisition of sites to better support the City's Downtown Corona revitalization efforts.

In September 2022, the City Council adopted the Downtown Revitalization plan, which called for certain strategic actions relating to the disposition of City assets and the potential acquisition of additional assets within the Downtown. Council recently provided staff with approval to commence the surplus property process as codified under state law (AB1486) for the future disposition of 725 S. Main and 351 S. Main. Fair market property appraisals will be required for the sale of these properties.

- iii. The Human Resources Department is requesting an appropriation of \$40,877 for an additional full-time Human Resources Analyst position. With the current challenging job market, there has been difficulty recruiting high quality candidates, which has lengthened the recruitment process, impacting departmental productivity. In addition, the City of Corona's Workforce Analysis described in the Equal Employment Opportunity Plan shows several occupational categories with significantly lower representation or "underutilization." To achieve a workforce reflective of the community, the City must continue evolving outreach efforts and processes to maximize its applicant pool. An additional Human Resources Analyst will assist the City in accomplishing this goal.

The appropriation of \$40,877 is for the remainder of FY 2023. The recurring costs of \$122,632 will be included in the FY 2024 budget process.

Item b - appropriate \$64,000 in the Traffic Offender Fund 442 for various equipment needs

The Police Department is requesting an appropriation of \$64,000 from the Traffic Offender Fund 422 to purchase several pieces of equipment for Traffic and Patrol. The equipment includes 60 Zebra printers and accessories to complete upfitting for all patrol vehicles, and the installation of Crossroads Parking Citation Software for use by Traffic Officers, Parking Enforcement, Community Service Officers (CSO), and Patrol Officers. The software and printers will assist the department by

eliminating the need to order paper citations and provide the ability to file the citations electronically.

The Traffic Bureau will utilize approximately \$20,000 for the Parking Citation software and the remaining funding will go toward the Zebra printers and accessories. In addition, these products help the officers, CSOs, and Parking Enforcement to provide safety to the community through enforcement and education.

This equipment is an appropriate purchase for the funding source.

Item c - appropriate \$500,000 in the Sewer Utility Fund 572 for the Water Reclamation Facility #3 Lift Station Capital Improvement Project No. 69881

The City is currently in the conferral process with three separate tribes for heritage discoveries at the site as determined by the Native American Heritage Commission (NAHC). The project requires tribal monitoring with the tribes, an archeological consultant, efforts from City staff in Public Works, Utilities, City Manager's Office, etc., and special counsel resources. For the current fiscal year, Public Works is requesting an additional \$500,000 to fund the necessary services from tribal monitors, contractors, and consultants, and allow city and special counsel staff to dedicate time for ongoing meetings, maintain appropriate site conditions during the conferral process, and collaborate with the tribes.

Item d - appropriate \$60,000 from the Greenfield Electric Utility Fund 578 to the Capital Improvement Project No. 76280 to perform Arc Flash Study for Electric Utility Infrastructure

On November 16, 2022, City Council approved award of the Professional Services Agreement (PSA) to Commonwealth Associates for the Arc Flash Study analysis and development of customized electrical safety program in the amount of \$310,168.

The purpose of the Arc Flash Study is to identify known hazards and requirements for labeling, safer work zones, and personal protective equipment (PPE) requirements in compliance with the National Fire Protection Association (NFPA) at all of the Utilities Department's (UD) current facilities. This study evaluates and reduces the arc flash rating to minimize the danger to operations and maintenance staff at all UD's Wholesale Distribution Access Tarif (WDAT) also known as Electric Substations and other electrical equipment in its service area, Water Treatment Plants, Water Reclamation Facilities, well sites, booster stations, and lift stations.

The ARC Flash project's scope of work includes electric utility sites, which entails an analysis of all electrical systems from the utility connection point to all equipment connections. Data will be collected on all electrical equipment and analyzed at existing facilities and an electrical safety program will be created.

During the budget process, funding for the Greenfield Electric Utility Fund 578 was inadvertently not appropriated. Utilities Department Staff is requesting an appropriation in the amount of \$60,000 from the Greenfield Electric Utility Fund 578 to the Capital Improvement Project No. 76280 for the Arc Flash Study project related to the Electric Utility.

Item e - appropriate \$42,000 in the Information Technology Department Fund 681, for the purchase

of Economic Development Marketing Software (Placer AI)

Placer AI provides location-based data for cities to gain further insights on resident and visitor populations by origin of destination. The Office of Economic Development will use Placer AI for Live Work Corona, specifically to provide an analysis of resident/worker inflow/outflow and to monitor retail performance and average visitors to Corona's shopping centers. The ability to track shopping center performance will support Corona shopping centers and future business attraction and retention efforts. The IT Department will utilize Placer AI application programming interfaces to tie into the data, allowing access to multiple datasets for use in reports and business intelligence analysis.

Item f - change order and operating budget transfer for MV Cheng and Associates for temporary staffing services

The Finance Department is requesting a transfer from savings in the salaries/benefits budget to the operations budget, currently estimated at \$135,000.

In July 2020, a Request for Quotations, or RFQ, was completed for temporary staffing services. Quotes were received from five vendors and MV Cheng and Associates was selected from that process. MV Cheng specializes in temporary staffing for municipal finance, purchasing, risk management, and human resources positions.

At the beginning of Fiscal Year (FY) 2023, a purchase order was issued to MV Cheng and Associates for up to \$100,000. This was to accommodate support for purchasing due to short-staffing and maintaining efficiencies in the processing of purchasing requests. The purchasing support was originally estimated at \$55,000 through December 2022. Additionally, the Utilities Department is utilizing \$45,000 in temporary administrative staffing services.

The Finance Department recognizes that purchasing support needs to continue through the end of the fiscal year, at a minimum, for another \$55,000. The accounts payable group also has a need for temporary support as there are two vacancies, which is impacting the workload for the existing staff. The vacancies are at various stages in the recruitment process and should be filled within a couple of months. The estimate of temporary staffing for the accounts payable group is \$25,000. With the original \$55,000, the total Finance need for temporary staffing is estimated at \$135,000 through the end of the fiscal year. There are savings in the salaries/benefits budget, due to vacancies, to cover the cost of the temporary staffing services.

Staff recommends approval of the First Amendment, which increases the contract value from \$100,000 to \$250,000 and extends the agreement through June 30, 2024. The contract increase provides for additional support for Finance and other departments, if needed. Staff believes that approval of the recommended actions are in the best interest of the City and its administrative operations, because it allows for continued efficient operations, especially when staff vacancies occur.

Item g - City Council approve change orders for Inland Water Works, Wester Water Works, C-Wells, Core & Main, and Ferguson Waterworks from \$100,000 to \$500,000 each for FY 2023 and to issue purchase orders to Inland Water Works, C-Wells, Core & Main, and Ferguson Waterworks in the

amount of \$500,000 each starting FY 2024 and for subsequent years for the purchase of pipeline materials on an as needed basis

On September 28, 2022, at the Fall Workshop, the Purchasing Division provided a PowerPoint presentation with a recommendation to Council, which included Council's concurrence, regarding the issuance of multiple purchase orders (PO) to multiple vendors for purchase of pipeline materials in accordance with CMC 3.08.080. This action helps mitigate the challenges associated with supply issues of pipeline materials, including the ever-changing pricing and lack of parts availability due to special conditions created by volatility in global markets, and the high demand for metals and other pipeline materials.

The Utilities Maintenance Division is responsible for emergency repairs and planned maintenance of all water treatment facilities, booster stations, pressure reducing stations, well sites, sewer lift stations, and water reclamation facilities that are operated 24 hours a day and 7 days a week. To ensure that critical infrastructure is repaired promptly, staff depends heavily on the availability of various pipeline materials. In the current market conditions, both pricing and availability of these materials are not guaranteed, and vendors are not willing to hold prices for over 30 days. For some materials, prices are not guaranteed at all.

Historically, multi-year bids were obtained for materials and supplies, but with the instability of the recent market, this is no longer an option as suppliers are not willing to guarantee pricing for long periods of time. These significant pricing fluctuations and supply chain issues have created challenges in sourcing supplies and acquiring long-term bid guarantees.

As a recap of the conversation at the Fall Workshop, to help mitigate these challenges, staff will spot bid each purchase and purchase materials from vendors based on materials availability and pricing. This alternative bidding procedure will be applicable to all purchases, including but not limited to public projects, professional services, maintenance and general services and materials, supplies and equipment in amounts of \$60,000 or less. These purchases may be awarded by the Director of the Department responsible for the purchases in accordance with CMC 3.08.080. A \$60,000 threshold reflects the modifications to CMC increasing the alternative bidding threshold from \$45,000 to \$60,000 as approved by the City Council on January 4, 2023 and becomes effective February 6, 2023.

- \$0 - \$5,000: *Competitive bidding to be used at the discretion of the department.
- \$5,000 - \$10,000: *Competitive bidding to be used at the discretion of the purchasing agent
- \$10,000 - \$60,000: *A minimum of three vendors shall be solicited for quotes or proposals; Contact the Purchasing Division to complete the bidding process

Staff is requesting City Council to authorize the City Manager, or his designee, to increase PO B230252 to Inland Water Works of San Bernardino, CA, PO B230254 to Western Water Works of Chino, CA, PO B230136 to C-Wells of Corona, CA, PO B230116A to Core & Main of Corona, CA, and PO B230094 to Ferguson Waterworks of Corona, CA in the amount of \$500,000 each starting FY 2024, and for subsequent years for the purchase of pipeline materials on an as needed basis following Corona Municipal Code Section 3.08.080.

Item h - City Council appropriate a total \$9,222, from the following funds: Reclaimed Water Utility Fund 567, Water Utility Fund 570, Sewer Utility Fund 572, Electric Utility Fund 576, and Greenfield Electric Utility Fund 578 to the Utilities Department Fiscal Year 2023 operating budget and authorize one (1) part-time Customer Care Assistant

The Utilities Department (UD) received an influx of customer calls in July and October 2022 to report that residents' mailed utility payment checks were never cashed. The UD reached out to RT Lawrence, the City's contracted third-party payment processor, who stated that several other clients reported the same issue. RT Lawrence submitted a claim with the United States Postal Service (USPS) and the Postmaster stated they didn't have any missing mail. The UD received calls from 155 customers reporting their missing payments. Many of them requested City Hall's address to mail payments directly to the UD, while others went to their banks to request a stop payment. The UD did offer other alternative methods to make payments, but most of these customers expressed their wish to continue to mail in their checks.

The Customer Care Division currently has three (3) part-time Customer Care Assistants (CCA) to assist with customer calls during peak hours and reduce hold times providing a better experience for customers. Due to the number of payments that have gone missing, the UD is requesting to add an additional part-time CCA to be able to process mailed payments internally rather than having an outside third-party (RT Lawrence) process it. The UD wants to maintain the trust of our customers that their checks will be received and processed in a timely manner. Staff believes that customers will have more confidence in mailing their payments to a Corona PO Box address rather than to Artesia, CA.

The average annual cost to process mailed check payments internally would be \$33,460, which is \$17,685 more than what the department spends on RT Lawrence's annual contract of \$15,775. Upon approval, UD will begin recruitment for a part-time CCA and cancel RT Lawrence's services once set up and training are completed. The UD currently processes an average of 1,537 payments a month from the City Hall Drop Box and payments mailed to our Corona PO Box. The UD estimates an average increase of 4,904 payments to process a month which will be handled by the part-time CCA. For the current fiscal year, the UD is requesting \$9,222 to fund the position for the remaining five (5) months of the current Fiscal Year. The annual PT position funding and operating costs will be requested through the regular budget process. The table below details the ongoing annual cost of providing this service internally.

Description	Cost
Part-time Customer Care Assistant	\$22,133 per year
Remit Plus – Payment Scanning	\$7,372 annually
Mail opener/letter extractor	\$3,955 annually
Total	\$33,460

FINANCIAL IMPACT:

Approval of the recommended actions will 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.

FUND	APPROPRIATION	OFFSETTING REVENUE	NET IMPACT TOTAL
General Fund 110	\$90,877	\$0	\$90,877
Traffic Offender Fund 422	\$64,000	\$0	\$64,000
Reclaimed Water Utility Fund 567	\$92	\$0	\$92
Water Utility Fund 570	\$4,611	\$0	\$4,611
Sewer Utility Fund 572	\$504,150	\$0	\$504,150
Electric Utility Fund 576	\$92	\$0	\$92
Greenfield Electric Utility Fund 578	\$60,277	\$0	\$60,277
Information Technology Department Fund 681	\$42,000	\$0	\$42,000

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 a 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 action 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.

PREPARED BY: JULIE KENNICUTT, BUDGET MANAGER

REVIEWED BY: KIM SITTON, FINANCE DIRECTOR

Attachments:

1. Exhibit 1 - MV Cheng 1st Amend PSA 02.01.2023