



Staff Report

File #: 21-0500

**REQUEST FOR CITY COUNCIL ACTION
CORONA HOUSING AUTHORITY ACTION
CORONA UTILITY AUTHORITY ACTION
CORONA PUBLIC FINANCING AUTHORITY**

DATE: 06/16/2021

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:

City Council/Corona Housing Authority/Corona Utility Authority/Corona Public Financing Authority consideration of the Fiscal Year 2022 budget adoption and Fiscal Year 2021 amendments

EXECUTIVE SUMMARY:

The Fiscal Year (FY) 2022 Budget has been reviewed and discussed at three public budget workshops held in April and May 2021. The FY 2022 proposed budget is presented for the City Council's consideration and adoption. This report includes additional actions, identified after the last workshop in May, to be incorporated into the FY 2022 budget. In addition, this report includes budgetary amendments for FY 2021.

RECOMMENDED ACTION:

That the:

- a. City Council adopt Resolution No. 2021-043, adopting the City's budget for Fiscal Year 2022, Revised Budget Items, and General Fund Budget Policies.
- b. Corona Utility Authority adopt Resolution No. 2021-044, adopting said Authority's budget for Fiscal Year 2022, Revised Budget Items, and Budget Policies.
- c. Corona Housing Authority adopt Resolution No. 2021-045, adopting said Authority's budget for Fiscal Year 2022, Revised Budget Items, and Budget Policies.
- d. Corona Public Financing Authority adopt Resolution No. 2021-046, adopting said Authority's budget for Fiscal Year 2022, Revised Budget Items, and Budget Policies.

- e. City Council adopt Resolution No. 2021-047, adopting the annual appropriations limit for Fiscal Year 2022 and selecting the population and inflation factors accordingly.
- f. City Council adopt Resolution No. 2021-048, adopting the revised annual appropriations limit for Fiscal Year 2021 and selecting the revised population and inflation factor accordingly and repealing Resolution No. 2020-049.
- g. City Council adopt Resolution No. 2021-049 approving the City of Corona Position Library and Compensation Plan and repealing prior Plans, including Resolution No. 2020-152 to update the Position Library and Compensation Plan which provides the list of potential positions and salary ranges. Changes to positions have been addressed through the budget process or will be processed with approval of the Fiscal Year 2022 budget.
- h. City Council approve the updated Administrative Policy 01400.805 - Hiring Incentive Pay Program - Experienced Lateral Police Officers and Public Safety Dispatchers to increase the incentive pay amount and extend the program through June 30, 2022.
- i. City Council approve the updated Administrative Policy 01400.201 - Executive Leave Policy to allow for a balance of eighty (80) hours to carry forward into the next fiscal year.
- j. City Council and Corona Utility Authority approve the following budget items to be included in the Fiscal Year (FY) 2022 adopted budget:
 - i. Approve an increase in the expenditure budget totaling \$3,422,822 and increase the estimated revenues by \$3,326,585 in the Transit Services Fund 577.
 - Appropriate \$1,300,000 for the new Intelligent Transportation System Capital Improvement Project (CIP) and increase revenue estimates by the same amount.
 - Appropriate \$564,974 for the Bus Stop Improvements CIP and increase revenue estimates by the same amount.
 - Appropriate \$135,000 for the new Digital Land Mobile Radio CIP and increase revenue estimates by the same amount.
 - Appropriate \$96,237 for the new ADA Accessible Van CIP.
 - Appropriate \$1,020,281 for the new Route Development Buses CIP and increase revenue estimates by the same amount.
 - Appropriate \$306,330 for the new Replacement of Buses CIP and increase revenue estimates by the same amount.
 - ii. Appropriate \$140,148 from the Refuse/Recycling Fund 260 to the Maintenance Services' operating budget for solid waste and recycling related activities. Additionally, approve an estimated cash transfer of \$140,148 from the franchise fees in the General Fund 110 to the Refuse/Recycling Fund 260.
 - iii. Appropriate \$1,800,000 to the new Liberty Avenue Waterline Replacement CIP in the Water Utility Fund 570.

- iv. Appropriate \$126,418 to the operating budget in the Information Technology Fund 681 for additional licensing costs.
 - v. Appropriate \$66,035 to the operating budget for Community Services and increase revenue estimates by \$167,200 in the General Fund 110, for the addition of a Kids Club site at Eisenhower Elementary School.
- k. City Council and Corona Utility Authority approve the following budget amendments for Fiscal Year (FY) 2021.
- i. Authorize an estimated cash transfer of \$229,101 from the General Fund 110 to the new Abandoned Vehicle Abatement Fund 241.
 - ii. Approve a budgetary transfer of \$30,000 from the personnel budget to the contractual services in the Park Maintenance operating budget in the General Fund 110.
 - iii. Approve appropriations totaling \$29,860 to the City Unified Camera System, Phase II CIP from the following sources: \$13,250 from the Water Utility Fund 570, \$13,310 from the Water Reclamation Utility Fund 572, and \$3,300 from the Fleet Operations Fund 682.
 - iv. Approve an appropriation of \$6,103 to the Trails Master Plan CIP and increase the Development Agreements revenue estimates by \$59,920 in the General Fund 110.
 - v. Approve an estimated appropriation of \$1,090,527 to the Fire Department operating budget and increase estimated revenue by \$1,090,527 in the General Fund 110, based on mutual aid fire activity. The final appropriation and revenue increase is to be determined based on mutual aid responses through the end of June 2021.
 - vi. Approve an appropriation of \$400,000 to the General Government operating budget in the General Fund 110, for final leave payments.
 - vii. Approve an increase totaling \$1,724,002 in noted funds to account for bad debt expense: \$11,813 General Fund 110, \$189,509 Refuse/Recycling Fund 260, \$2,193 Reclaimed Water Utility Fund 567, \$804,487 Water Utility Fund 570, \$438,476 Water Reclamation Utility Fund 572, and \$277,524 Electric Utility Fund 578.
 - viii. Authorize an appropriation of \$8,250 and increase revenue estimates by the same amount in the Library Other Grants Fund 415.
 - Stay & Play Grant \$3,750
 - Zip Books Program Grant \$4,500
 - ix. Authorize a continuing appropriation of approximately \$600,000 from Fiscal Year 2021 to Fiscal Year 2022 in the General Fund 110 for the homeless program activities. The final amount will be determined based on the fiscal year-end balance in the

program.

BACKGROUND & HISTORY:

The Fiscal Year (FY) 2022 budget process began in January 2021. On Thursday, March 11, 2021, the Spring Financial Workshop was held to discuss, set goals, and receive direction from the City Council for development of the FY 2022 budget. For FY 2022, the Spring Financial Workshop was extremely important, and included reviewing the City's new Strategic Plan and discussions about the additional revenues estimated from the passage of the sales tax measure, Measure X. From this workshop, staff prepared the operating budget, capital improvement plan, and additional service adjustment requests for the City Council's consideration. Three subsequent budget workshops were held on April 13, 2021, April 27, 2021, and May 18, 2021, to update the public and City Council on the progress of the FY 2022 proposed budget. With this Council Action, the FY 2022 Proposed Operating Budget and Capital Improvement Plan are presented for consideration and adoption. Additionally, there are budgetary adjustments that need to be incorporated into the FY 2022 Adopted Budget and budgetary amendments needed to complete FY 2021.

The proposed budget for FY 2022 includes total revenue estimates of \$372.1 million. The largest segment is the General Fund at 47.1%, or \$175.3 million, of total estimated revenues. The enterprise funds make up the second largest segment with \$127.1 million, or 34.1%.

Total expenses in the FY 2022 proposed budget equal \$364.7 million. The General Fund makes up the largest component with a total of \$161.6 million, or 44.3%. The enterprise funds are the second largest component with a total of \$128.9 million, or 35.3%. Within the total of \$364.7 million, \$306.7 million is for operating costs and \$57.9 million is allocated to capital improvement projects. For additional details, please reference the attached FY 2022 Proposed Budget. Any items approved at the June 16, 2021 meeting or through other approved processes, will be incorporated into the FY 2022 Adopted Budget.

ANALYSIS:

Recommended actions a, b, c, and d: Annual Budget, Revised Budget Items and Budget Policies

Presented for consideration by the City Council, Corona Utility Authority, Corona Housing Authority, and Corona Public Financing Authority are the resolutions to adopt the Proposed FY 2022 Budget and Five-Year Capital Improvement Plan, along with Revised Budget Items as specified in Attachment A to each resolution, if applicable. The Revised Budget Items are changes that have been identified since the budget workshop on May 18, 2021. The Five-Year Capital Improvement Plan allows for coordination, financing, and timing of major City public improvements. These documents are prepared to communicate the City's goals and use of resources. The FY 2022 budget was developed in alignment with the City's recently adopted Strategic Plan:

1. Financial Stability
2. Strong Economy
3. Sound Infrastructure
4. Safe Community
5. Sense of Place
6. High Performing Government

Recommended action e: Appropriations Limit for FY 2022

Article XIII B of the California Constitution specifies that appropriations made by local governments may increase annually by a factor comprised of the change in population from one year to another combined with an inflation factor. For the population factor, jurisdictions have a choice between the percentage change in the City's population growth or the County population growth. For the inflation factor, jurisdictions have a choice between the California per capita personal income or the increase in non-residential assessed valuation due to new construction. Under the California Constitution, a jurisdiction is required to adopt the Gann Appropriation Limit annually by resolution, selecting each factor by a vote of the governing body. The factors that pertain to the Fiscal Year 2022 calculation are as follows:

Population Percentage Growth

| | |
|---------------------|-------|
| City of Corona | 0.67% |
| County of Riverside | 0.67% |

Inflation Percentage Factors

| | |
|--|---------------|
| California per capita personal income | 5.73% |
| Change in non-residential assessed valuation due to new construction | Not available |

Staff recommends that the City's population change of 0.67% and the California per capita personal income change of 5.73% be approved by the City Council. The change in non-residential assessed valuation is usually not available to the City at the time the limit needs to be adopted. When the change in non-residential assessed valuation due to new construction is available, and if it is higher than the California per capita personal income change, staff will recalculate the Appropriations Limit and will resubmit to the City Council for approval. An attestation letter of the calculation is provided by the City's audit firm during the audit process each fiscal year.

Recommended action f: Revised Appropriations Limit for FY 2021

The appropriations limit for FY 2021 was approved on June 17, 2020, along with the adoption of the FY 2021 budget. Based on review with the City's new auditing firm, The Pun Group, a revision to the appropriations limit calculations for FY 2021 is needed. Staff previously recommended using the County of Riverside's change in population of 0.79%. Staff is now recommending that the population factor be revised to the City of Corona's growth of 0.91%. Staff had been consistently using the County rate for the appropriations limit calculations. However, each year needs to be reviewed independently, using the higher growth rate. This correction does not have a financial impact on FY 2021 or future budgets.

FY 2021 Population Percentage Growth

| | |
|---------------------|---|
| City of Corona | 0.91% - Revised recommendation |
| County of Riverside | 0.79% - Previously recommended and approved |

Recommended action g: Approval of the revised City of Corona Position Library and Compensation Plan

State regulations for public employers require disclosure of position classifications and corresponding compensation. In an effort to ensure compliance, and for even greater transparency, the City Council has previously adopted and updated the Position Library and Compensation Plan ("Plan"), a document which includes a list of all authorized employment positions for the City and their corresponding compensation ranges.

The Plan provides added organizational efficiency and permits departments to continue streamlining operations without impacting services levels. Additionally, it allows members of the public to see what any given position, even those not currently filled, would be paid. To this end, it is important to note that this document is strictly a resource document of available employment positions, as the positions listed will not necessarily be budgeted or funded in any given fiscal year. A current list of full-time budgeted positions can be located on the City's website.

The proposed revisions to the Plan are highlighted on the attached document, Exhibit 10.

Recommended action h: Approval of the updated Administrative Policy 01400.805 - Hiring Incentive Pay Program - Experienced Lateral Police Officers and Public Safety Dispatchers

The policy provides incentive pay for experienced lateral police officers and public safety dispatchers. The City continues to seek experienced individuals for the noted positions. With the current vacancies and additional anticipated vacancies in FY 2022, staff is recommending to increase the incentive pay. The hiring incentive and retention incentive for a lateral police officer would each increase to \$5,000 each for a total of \$10,000 (currently \$2,500 each, total of \$5,000). The hiring incentive and retention incentive for a lateral public safety dispatcher would each increase to \$2,500 each for a total of \$5,000 (currently \$1,500 each, total of \$3,000). Eligibility will be determined as stated in the policy's criteria. Based on the current terms of the program, it will expire on June 30, 2021. Staff is recommending the program be extended through June 30, 2022. There is not an additional financial impact to the City for extension of the program. The program is funded through salary savings, caused by vacancies, in the Police Department's operating budget.

Recommended action i: Approval of the updated Administrative Policy 01400.201 - Executive Leave Policy

Staff at all levels within the organization have been working additional hours to handle on-going operations in addition to the impacts of the pandemic. Executive leave hours are provided, at a flat annual amount, to management and supervisory level positions that are exempt from receiving overtime. Pursuant to Administrative Policy 01400.201, executive leave hours have no cash value and must be used by the end of each fiscal year. Due to scheduling of activities and department functions, some staff are not able to utilize those hours until the summer. With the current policy, the balance of hours at the end of the fiscal year do not carry forward to the next year. Staff is recommending that up to eighty (80) hours maximum are authorized to carry forward into the next fiscal year.

Recommended action j: Budget Adjustments for Fiscal Year 2022

After the proposed budget information was presented to the City Council on May 18, 2021, the following items were identified as budget revisions and are being recommended for funding in FY

2022:

i. Approve an increase in the FY 2022 expenditure budget totaling \$3,422,822 and increase the estimated revenues by \$3,326,585 in the Transit Services Fund 577.

- Appropriation of \$1,300,000 for the new Intelligent Transportation System Capital Improvement Project (CIP). The project will be to purchase and install an Intelligent Transportation System (ITS) that will support the following GPS based components: Computer Aided Dispatching (CAD); Automatic Vehicle Location (AVL); Automated Annunciators to meet ADA Requirement; Relay real-time transit information; Automated Passenger Counter (APC); and an advance fare payment system.

Customers are demanding enhanced information on a more immediate basis. Additionally, reporting requirements add increased pressure to provide more accurate and detailed information to monitor the system's performance. Upgrading our existing systems and installing new technologies will ensure that customers are receiving the highest quality information on time, as well as ensuring that the City of Corona Transit System (CCTS) is operating at optimal efficiency. The use of ITS technologies contributes to enhanced customer service, improved productivity and to the overall fiscal responsibility of the transit system. This project is funded using Federal Transit Administration (FTA) and State Transit Assistance funds. The majority of the funding for this project was approved by Riverside County Transportation Commission in the prior Short Range Transit Plans (SRTP), however, \$405,000 of the \$1,300,000 estimated project cost is included in the FY 2021/22 through FY2023/24 SRTP. The 21/22-23/24 SRTP was approved by the Corona City Council on May 19, 2021 and approved by Riverside County Transportation Commission's (RCTC) Budget and Implementation Committee on May 24, 2021. Approval of the plan was approved by the RCTC Commission Board on June 9, 2021.

- Appropriation of \$564,974 for the Bus Stop Improvements CIP. The on-going bus stops improvements include upgrading bus stop accessibility and passenger amenities and installation of new bus stops.

This project entails various improvements to the current bus stops. Improvements include new and replacement of damaged bus stop amenities (shelter, signs, benches, etc.) and upgrading the bus stops to improve accessibility pursuant to the Americans with Disabilities Act (ADA). In addition, staff will utilize the upcoming Comprehensive Operations Analysis (COA), once complete, to determine which stops require improvements. A component of the COA, requires the consultant to perform a physical inventory of each stop within the CCTS fixed-route system and perform an analysis of the physical condition (does it meet ADA accessibility requirements) and illustrate whether ridership for each stop warrants an upgrade. The COA will also be used as a guide to install new bus stops for any potential service expansion. The bus stop improvements project is funded using State Transit Assistance and State of Good Repair funds. Funding for this project was approved by Riverside County Transportation Commission in the prior Short Range Transit Plans.

- Appropriation of \$135,000 for the new Digital Land Mobile Radio CIP. This funding will provide for the purchase and installation of a new digital land mobile communications system to replace the current system. The replacement communication system will include a remote base station, remote controller, on-board radio equipment and hand-held radios.

The current radio communication system was installed in early 2015 and the equipment is starting to show wear and tear. The replacement of the current system is necessary to continue to provide enhanced safety and security of passengers, drivers, and buses by providing a reliable link between the buses, transit dispatch, and first responders. This project is funded using Federal Transit Administration (FTA) and State Transit Assistance funds. Funding for this project was approved by Riverside County Transportation Commission in the prior Short Range Transit Plans.

- Appropriation of \$96,237 for the new ADA Accessible Van CIP. The funding will provide for the purchase of two ADA accessible vans to transport passengers and wheelchairs to support the current Dial-A-Ride Program.

The project is intended to purchase two smaller ADA accessible vans which will support the current Dial-A-Ride program. This project will allow the use of a smaller vehicle for situations when a larger vehicle is not warranted. Use of a smaller vehicle may be more efficient when transporting fewer passengers (or one wheelchair). This project is funded using Federal Transit Administration (FTA) and State Transit Assistance funds. Funding for this project was approved by Riverside County Transportation Commission in the prior Short Range Transit Plans.

- Appropriation of \$1,020,281 for the new Route Development Buses CIP. The funding will provide for the purchase of additional buses to be used in the Corona Cruiser Fixed Route Service for potential service expansion.

This project will be dependent upon the recommendations from the Comprehensive Operations Analysis (COA) as there can be a potential to expand service. Route development buses will be needed to operate more frequent services and/or additional bus route(s). The City will purchase any needed buses through California Association for Coordinated Transportation/Morongo Basin Transit Authority (CalACT/MBTA) Cooperative Purchasing Schedule (Cooperative). This project is funded using Federal Transit Administration (FTA) and State Transit Assistance funds. Funding for this project was approved by Riverside County Transportation Commission in the prior Short Range Transit Plans.

- Appropriation of \$306,330 for the new Replacement of Buses CIP. This funding is to replace two (2) 2012 Dial-A-Ride buses.

CCTS put into service ten Type C buses in 2012. Of the ten buses, eight were replaced with 2017 buses and two were kept for potential service increase. These two buses need replacing as they are showing more signs of wear and tear. These 2012 buses have

exceeded their useful life of five years and 150,000 miles. This project will be funded using Federal Transit Administration (FTA) and State of Good Repair funds. Funding request for this project is included in the FY 2021/22 through FY 2023/24 Short Range Transit Plan; the SRTP was approved by the Corona City Council on May 19, 2021 and approved by Riverside County Transportation Commission's (RCTC) Budget and Implementation Committee on May 24, 2021. Approval of the plan was approved by the RCTC Commission Board on June 9, 2021.

- ii. Appropriation of \$140,148 from the Refuse/Recycling Fund 260 to the Maintenance Services Department's (MSD) operating budget for solid waste and recycling related activities. Additionally, approve an estimated cash transfer of \$140,148 from the franchise fees in the General Fund 110 to the Refuse/Recycling Fund 260. The transfer is to supplement a potential shortfall in the Refuse/Recycling Fund and is estimated based on expending 100% of the proposed FY 2022 budget. The actual transfer amount, if needed, will be determined at fiscal year-end.

Over the past decade, the California Legislature has enacted several statutes to help meet the state's aggressive diversion goals and reduce harmful greenhouse gas (GHG) emissions. Assembly Bill No. 341 ("AB 341") enacted in 2012 requires commercial waste generators to arrange for recycling services and Assembly Bill No. 1826 ("AB 1826") enacted in 2014 requires commercial waste generators to recycle their organic waste. In 2016, Senate Bill No. 1383 ("SB 1383") was signed into law establishing a target to reduce the statewide disposal of organic waste levels in an effort to reduce the emissions of short-lived climate pollutants.

On February 19, 2020, the City Council approved Ordinance No. 3312 amending various sections of Chapter 8.20 of the Corona Municipal Code (CMC) incorporating requirements set by AB 341 and AB 1826 to ensure that the City applies its rules and regulations relating to the recycling of recyclable materials and organic waste in a manner consistent with State law.

SB 1383 was signed into law in 2016 but the rulemaking process did not complete until October 2020 when the regulation text was finalized. Jurisdictions are responsible for implementing SB1383 regulations which includes:

- Evaluating the jurisdiction's readiness and capacity to implement SB 1383, including organics collection, recycling and edible food recovery capacity.
- Providing organic waste collection to all residents and businesses, which means providing service automatically and not relying on the generator to subscribe.
- Establishing an edible food recovery program that recovers edible food from the waste stream.
- Conducting outreach and education to all affected parties, including generators, haulers, facilities, edible food recovery organizations, and city/county departments
- Procuring recycled organic waste products like compost, mulch, renewable natural gas (RNG), and electricity.
- Inspecting and enforce compliance with SB 1383. Edible food generator inspections can be combined with existing health inspections.

- Maintaining accurate and timely records of SB 1383 compliance.

SB 1383 requirements need to be incorporated in the CMC and new services and programs need to be implemented to comply with the statute. The Refuse and Recycling Division currently has one full time staff member managing the program and needs additional resources to ensure that the City is able to implement these changes that become enforceable in January 2022.

As Needed Solid Waste and Recycling Consulting Services

On February 17, 2021, the Purchasing Division issued a Request for Proposals (RFP) for an as-needed solid waste and recycling consultant. The RFP was published in the Sentinel Weekly and on Planet Bids. A total of 225 vendors were notified with 10 potential bidders downloading the bid documents and only one of them submitting a proposal. Staff contacted HF&F Consultants, LLC., and R3 Consulting Group, LLC., who informed us that they did not submit a proposal due to the volume of existing commitments and workload. Staff evaluated the only proposal received from MSW Consultants and conducted an interview, as well as checked several references and determined that MSW Consultants not only had the experience and expertise in the industry but also presented a plan that addresses the needs of the City to implement the SB 1383 requirements. Since the amount of the award for this proposal was within the City Manager's authority, it didn't require City Council authorization for the award; however, the RFP was conducted after the Department budget for FY 2022 was submitted to the Finance Department for consideration. Therefore, MSD needs an appropriation of \$100,000 in FY 2022 for consulting services to be provided by MSW Consultants.

Compliance Tracking Software

SB 1383 requires accurate and timely records of SB 1383 compliance and the City does not have a tracking system to maintain this information. The City's franchised waste hauler maintains the account information, performs the billing, and provides customer service for waste services of all commercial accounts. Refuse and Recycling Division staff do not have immediate access to this information and obtain it through regular reports received from the hauler. This process is inefficient and requires constant updates and review of spreadsheets to obtain service level information about each commercial account to determine and track compliance. Staff reviewed two different software systems focused on recycling compliance reporting and tracking, Recyclist and Minerva. Staff chose the Recyclist software due to the features, ease of use, capabilities and efficiencies that it offered. The software agreement with the Recyclist requires thorough review by the Purchasing Division and Legal Department since it is not the City's standard agreement. Due to the heavy workload during this time of year for the Purchasing Division, the purchase order for this procurement will not be issued before the end of this fiscal year. Budget for the procurement of this program was included in the FY 2021 budget and therefore was not requested in the FY 2022 budget. Since the Purchase Order may not be issued before the end of the fiscal year, MSD requests an appropriation of \$25,610 for the purchase and implementation of the software in FY 2022.

Intern Position to Assist MSD with Outreach Efforts

The City and Waste Management have been working with the business community in the last 18 months to assist them with AB 341 and AB 1826 compliance. However, due to the unforeseen circumstances surrounding COVID 19 during 2020, in-person site visits and events had to be suspended. In addition, many businesses had to temporarily close or had to make operating adjustments which may have had financial impacts and may have altered the amount of waste generated. In February 2021, the City received a limited grace period to postpone automatic service enrollment for businesses for compliance with AB 341 and AB 1826 for 6 months. To minimize impacts to businesses when this new ordinance is presented to Council for adoption, MSD is contacting businesses to assist them with their compliance process. The electronic and mailed notices have generated some responses over the last few months but not at the pace required to avoid automatic services enrollment that will begin in September 2021. Currently there are 1,164 businesses that are non-compliant with AB 341, AB1826, or both. MSD started making direct calls to businesses in May 2021 but need a dedicated staff member to assist with this effort to reach as many non-compliant businesses before September 2021 and is requesting funding of \$14,538 for a part time intern position to assist with this effort.

The following table summarizes the FY 2022 funding appropriation requested by MSD for the Refuse and Recycling program:

| Description | Budget Appropriation |
|---|-------------------------|
| As Needed Solid Waste and Recycling Consulting Services | \$ 100,000 |
| Recyclist Tracking Software | 25,610 |
| Intern Position | 14,538 |
| Total Budget Appropriation | \$ 140,148 |

- iii. Appropriation of \$1,800,000 for the new Liberty Waterline Replacement CIP in the Water Utility Fund 570. The Department of Water and Power (DWP) maintains nearly 650 miles of water main throughout the city. On Friday, April 23, 2021, DWP staff responded to a water main break on Liberty Avenue and Jolora Avenue. The water main is a 10" steel pipe constructed in 1958 with 63 years of service that runs along the south side of Liberty Avenue, adjacent to the public right-of-way. Cement mortar lines steel pipes have been estimated to have a typical useful life of 80-100 years, but the actual useful life can vary greatly depending on soil conditions and the quality of construction. Leaks experienced on a steel waterline are often precursors to additional leaks because the leaks are commonly a result of corrosion.

When the water main broke, water ran down both sides of the line to the new development currently under construction, through the business at 19930 Rosita Street and flooded the house at 19933 Temescal Canyon Road. DWP immediately contacted a contractor, Builders Choice, to initiate the water damage containment process. There have also been several other leaks on this water main over the last 10 years. The location of this water line has become a concern due to the new commercial development that is being built south of and lower in elevation than the water main. Considerable damages to the development if future leaks occur and it is not replaced. To proactively prevent further flooding incidences, the DWP

Infrastructure division along with Public Works and Engineering staff have agreed that this waterline is a high priority for replacement.

DWP requests the creation of a new project and appropriation of \$1,800,000 from the Water Utility Fund 570 to the Liberty Avenue Waterline Replacement CIP. The estimated project cost is outlined as follows:

| Description | Amount |
|-----------------------------|---------------------|
| Project Management | \$ 40,000 |
| Design | 100,000 |
| Regulatory | 500 |
| Bidding | 9,500 |
| Construction Support Costs | 150,000 |
| Construction | 1,500,000 |
| Total Estimated Cost | \$ 1,800,000 |

- iv. Appropriate \$126,418 to the operating budget in the Information Technology Fund 681. The Information Technology Department obtained an updated quote for the City's Microsoft contract. The increase is due to 85 additional user licenses to onboard new employees in FY 2022 and the migration from Microsoft G3 licensing to G5. The change in licensing type will provide the City with additional phone, compliance, and security features. The updated agreement will be provided to City Council for approval at a future meeting.
- v. Appropriate \$66,035 to the operating budget in the Community Services Department and increase revenue estimates by \$167,200 in the General Fund 110 for the addition of afterschool Kids Club site at Eisenhower Elementary School. Eisenhower Elementary School conducted an interest survey for the parents to assess if they would be interested in having Kids Club as an after-school option on their campus beginning in August for the 21/22 school year. The survey came back with a lot of interest for the program and the principal has officially requested that we begin in August 2021. The program will be provided for 38 weeks. Costs are primarily from staffing the program with part-time recreation staff. In addition, there are costs for craft supplies, office supplies, and snacks.

Recommended action k: Budgetary Amendments for Fiscal Year 2021

The following budgetary amendments are recommended for funding for Fiscal Year 2021:

- i. Authorize an estimated cash transfer of \$229,101 from the General Fund 110 to the new Abandoned Vehicle Abatement Fund 241. The Abandoned Vehicle Abatement program is moving from the General Fund to the new Abandoned Vehicle Abatement Fund in FY 2022. Moving these activities to a separate fund will provide the needed segregation for reporting purposes. Based on an analysis of previous revenue over expenditure activity, an estimated total of \$229,101 needs to transfer to the new fund to support the program. The final transfer amount will be determined at fiscal year-end, based on FY 2021 actuals.

- ii. Approve a budgetary transfer of \$30,000 from the personnel budget to the contractual services in the Park Maintenance operating budget in the General Fund 110. The Park Maintenance division in the Community Services Department is currently dealing with staffing shortages that can be offset with supplemental, short-term contracted services through the end of the fiscal year, to maintain service levels. The supplemental services will be provided by utilizing an existing vendor that has already been vetted through the purchasing process. Per the adopted budget resolution, City Council authorization is needed to transfer from the personnel budget category to other categories. The department is requesting a transfer of \$30,000 to provide for the supplemental services through June 30, 2021. The transfer is within the Park Maintenance budget in the General Fund 110 and does not result in an additional fiscal impact to the City.
- iii. Approve appropriations totaling \$29,860 to the City Unified Camera System, Phase II CIP from the following sources: \$13,250 from the Water Utility Fund 570, \$13,310 from the Water Reclamation Utility Fund 572, and \$3,300 from the Fleet Operations Fund 682. The City Unified Camera System Phase II project (CIP 7015) will install closed-circuit television (CCTV) high-definition cameras and supporting infrastructure for various locations around the City, including Sierra Del Oro Water Treatment Plant, Water Reclamation Facility #2, and the Department of Water & Power (DWP) and Maintenance Services Department (MSD) parking lot at Corporation Yard. By providing continuous surveillance through the camera system, the Police Department will be better able to monitor the areas and deter criminal activity by dispatching patrol officers when criminal activity is occurring. In addition, at the DWP/MSD parking lot, the camera system will further ensure the preservation and protection of City-owned equipment. The cameras will be installed by Leverage Information Systems and the funding for the installation is currently budgeted in the CIP. The City is responsible for the installation of the electrical equipment to power the cameras, which is not currently included in the budget. DWP staff have obtained quotes for the installation of the electrical equipment which are summarized below:

| Location | Water Utility Fund 570 | Water Reclamation Utility Fund 572 | Fleet Operations Fund 682 | Budget Appropriation |
|--------------------------------------|------------------------|------------------------------------|---------------------------|----------------------|
| Sierra Del Oro Water Treatment Plant | \$ 9,400 | \$ - | \$ - | \$ 9,400 |
| Water Reclamation Facility #2 | - | 9,460 | - | 9,460 |
| DWP/MSD Parking Lot | 3,850 | 3,850 | 3,300 | 11,000 |
| Totals | \$ 13,250 | \$ 13,310 | \$ 3,300 | \$ 29,860 |

DWP requests an appropriation of \$13,250 from the Water Utility Fund (570), \$13,310 from the Water Reclamation Utility Fund (572), and \$3,300 from the Fleet Operations Fund (682) for a total of \$29,860 of additional funding in the City Unified Camera System Phase II project (CIP 7015) to complete the electrical installation supporting the new cameras at Sierra Del Oro Water Treatment Plant, Water Reclamation Facility #2, and the DWP/MSD parking lot.

- iv. Approve an appropriation of \$6,103 to the Trails Master Plan CIP and increase the

Development Agreements revenue estimates by \$59,920 in the General Fund 110. In 2018, a contribution of \$59,920 was received from Richland Communities towards development of the Trails Master Plan. The funds have been held in deposit since that time. Based on the progress of the project, the original deposit amount of \$59,920 should now be recognized as revenue. The current deposit balance remaining, after payments have been made to the vendor preparing the plan, is \$6,103. Staff is recommending those funds are appropriated to the Trails Master Plan CIP for the completion of the project.

- v. Approve an estimated appropriation of \$1,090,527 to the Fire Department operating budget and increase estimated revenue by \$1,090,527 in the General Fund 110, based on mutual aid fire activity. The final appropriation and estimated revenue increase will be determined based on mutual aid responses through the end of June 2021. The mutual aid support division in the Fire Department is currently operating in a deficit due to an increased fire suppression season and support of other agencies in fire-fighting efforts. The State of California Office of Emergency Services (Cal OES) provides reimbursement for these costs in addition to an administrative component. Current revenue activity for mutual aid reimbursement is \$2.0 million, \$1.1 million higher than the original estimate of \$950,000.
- vi. Approve an appropriation of \$400,000 to the General Government operating budget in the General Fund 110, for final leave payments. When an employee separates (resigns, retires, or terminates) from the City of Corona, the balance of their annual leave account is paid, in accordance with the approved Memorandum of Understanding, Resolution, or Employment Agreement. In FY 2021, the activity has increased with has left a shortfall in the amount budgeted for these payments. The budget for FY 2021 was based on historical activity. The increase is tied to the number of people that have separated, in combination with their specific leave balances. An additional \$400,000 is recommended for FY 2021 which will be transferred to the appropriate departments to account for those payments.
- vii. Approve an increase totaling \$1,724,002 in noted funds to account for bad debt expense in FY 2021: \$11,813 General Fund 110, \$189,509 Refuse/Recycling Fund 260, \$2,193 Reclaimed Water Utility Fund 567, \$804,487 Water Utility Fund 570, \$438,476 Water Reclamation Utility Fund 572, and \$277,524 Electric Utility Fund 578.

The Department of Water and Power (DWP) manages and bills for 45,264 Potable Water and Reclaimed Water accounts, 40,536 Water Reclamation (Sewer) accounts, 2,790 Electric accounts, 34,086 Trash accounts, and 16,530 Emergency Medical Services (EMS) accounts. For the customer's convenience, charges for each service are combined into one monthly bill.

Due to the COVID-19 pandemic, the State of California has been under a declared state of emergency since March 4, 2020. On March 17, 2020, DWP suspended water shut offs, late fees and delinquent charges due to economic challenges related to the pandemic. These measures are still in effect today. With the implementation of these changes, DWP has seen a significant increase in outstanding accounts receivable (AR) balances across all services. The following table provides the AR balances past due for 94-plus days by service:

| Fund | 94+ Days Past Due Balance | Current Bad Debt Allowance | Estimated Bad Debt Expense |
|---|---------------------------|----------------------------|----------------------------|
| Water Utility Fund 570 | \$1,202,140 | \$192,653 | \$1,009,487 |
| Water Reclamation Utility Fund 572 | \$630,609 | \$93,818 | \$536,791 |
| Electric Utility Fund 578 | \$333,762 | \$25,738 | \$308,024 |
| Reclaimed Water Utility 567 | \$4,691 | \$653 | \$4,038 |
| Refuse and Recycling Fund 260 | \$228,331 | \$18,822 | \$209,509 |
| Emergency Medical Services (General Fund 110) | \$14,125 | \$1,112 | \$13,013 |
| Total | \$2,413,658 | \$332,796 | \$2,080,862 |

This significant increase in past due accounts will require the City to increase its budget for bad debt allowance for Fiscal Year 2021, which will increase the bad debt expense in each fund.

DWP requests the following appropriations from fund balance to account for the increased expense:

| Fund | Current Budget | Appropriation Amount | Updated Budget |
|------------------------------------|------------------|----------------------|--------------------|
| Water Utility Fund 570 | \$205,000 | \$804,487 | \$1,009,487 |
| Water Reclamation Utility Fund 572 | \$98,315 | \$438,476 | \$536,791 |
| Electric Utility Fund 578 | \$30,500 | \$277,524 | \$308,024 |
| Reclaimed Water Utility 567 | \$1,845 | \$2,193 | \$4,038 |
| Refuse and Recycling Fund 260 | \$20,000 | \$189,509 | \$209,509 |
| General Fund 110 | \$1,200 | \$11,813 | \$13,013 |
| Total | \$356,860 | \$1,724,002 | \$2,080,862 |

viii. Authorize an appropriation of \$8,250 and increase revenue estimates by the same amount in the Library Other Grants Fund 415.

- Stay & Play Grant, \$3,750. The Corona Public Library has been selected as one of 10 new piloting Stay & Play, a pilot program of the California State Library's Early Learning with Families initiative. Stay & Play is a library service model specifically designed to serve and support the needs of informal childcare providers, often referred to as Family, Friend, and Neighbor or FFNs. Stay & Play is designed to be offered over time and includes weekly in-person gatherings as well as targeted online resources. The awarded \$3,750 will support the planning and facilitation of Corona Public Library's Stay & Play program launching in Fall 2021. Stay & Play is made possible with funding from the David and Lucile Packard Foundation. This project is supported in part by the U.S. Institute of Museum and Library Services under the provisions of the Library Services and Technology Act, administered in California by the State Librarian, and distributed by the Califa Group.
- Zip Books Program Grant \$4,500. The Zip Book program is a community generated request process supported by California State Library funding. When a Corona Public Library card holder discovers a desired book is not in the Corona Public Library's

collection, they may request its purchase. The item will be purchased by library staff via Amazon and sent directly to the patron's home. The item is also checked out to the patron's library account to track its location. When the patron completes use of the item, it is returned to the library when it may be accessed by others if added to the collection.

- ix. Authorize a continuing appropriation of approximately \$600,000 from Fiscal Year 2021 to Fiscal Year 2022 in the General Fund 110 for the homeless program activities. The final amount will be determined based on the fiscal year-end balance in the program. Consistent with City Council direction in FY 2021, carry forward the unspent balance of the homeless program budget in the City Manager's Office.

The balance is requested as the Homeless Strategic Plan has many programs in the developmental stages. The additional funds will be needed in Fiscal Year 2022 as multiple plan components are approved by City Council and subsequently implemented.

FINANCIAL IMPACT:

Recommended actions a, b, c, d, and e - FY 2022 Budget Resolutions and Annual Appropriations Limits

Recommended actions a, b, c, d, and e will adopt the budget for Fiscal Year 2022 for each of the City's authorities and approve the annual appropriations limit calculation. The total expenditures for all Governmental, Proprietary, and Agency funds in Fiscal Year 2022 is \$364,656,820 (excluding adjustments included in recommended action j). The City's appropriations subject to the limit, based on the annual appropriations limit (a.k.a. Gann) are \$146,454,777. With an appropriations limit of \$622,371,704, the City of Corona is \$475,916,927 under the appropriations limit. Approval of the resolutions will not result in any additional fiscal impacts.

Recommended action f - FY 2021 Revised Annual Appropriations Limit

Recommended action f is necessary to amend the annual appropriations limit calculation for FY 2021. Approval of action will not result in any additional fiscal impact.

Recommended action g - Position Library and Compensation Plan

The updated Position Library and Compensation Plan provides for a list of potential positions and salary ranges. Changes to positions that have been addressed through the budget process are explained in the FY 2022 Proposed Budget. Approval of the action will not result in any additional fiscal impacts.

Recommended action h - Updated Administrative Policy 01400.805 - Incentive Pay Program for Lateral Police Officers and Public Safety Dispatchers

The updated administrative policy will provide for an extension of the program and increased incentive pays. Approval of the action will not result in any additional fiscal impacts as the program is funded through vacancy savings within the Police Department's operating budget.

Recommended action i - Updated Administrative Policy 01400.201 - Executive Leave Policy

The updated policy will provide for a maximum of eighty (80) hours to carry forward from one fiscal year to the next. Approval of the recommended action will not result in any additional fiscal impacts.

Recommended action j - Budget Adjustments for Fiscal Year 2022

The Fiscal Year 2022 fiscal impact of Recommended Action j is shown in the following tables and includes revenues, expenditures, and transfers. Once authorized by the City Council and the Corona Utility Authority, the items will be incorporated into the FY 2022 Adopted Budget.

| GENERAL FUND | |
|---|----------------------|
| Budget Workshop May 18, 2021- FY 2022 Estimated Revenue Over Expenditures | \$ 14,593,660 |
| Action j - Cash Transfer to Refuse/Recycling Fund 260 | (140,148) |
| Action j - Budget for Additional Kids Club Site | (66,035) |
| Action j - Revenue for Additional Kids Club Site | 167,200 |
| Adjusted Estimated Revenue Over Expenditures | \$ 14,554,677 |
| Less Measure X Reserves | (13,144,418) |
| Revised Estimated Revenue Over Expenditures | \$ 1,410,259 |
| Budget Balancing Measures Reserve - Estimated 06/30/2021 | 27,665,595 |
| Estimated FY 2022 Change in Budget Balancing Measures Reserve | 1,410,259 |
| Estimated Budget Balancing Measures Reserve - 06/30/22 | \$ 29,075,854 |

Governmental Funds - Fund Balance

| Action | Fund | 07/01/21 Est. Fund Balance | Budgeted Revenues/ Sources | Budgeted Expenditures/ Uses | Fund Balance Impacts | 06/30/22 Est. Fund Balance |
|--------|---------------------------------|----------------------------|----------------------------|-----------------------------|---|----------------------------|
| j | Refuse/Recycling Fund 260 | \$19,302 | \$11,424,595 | (\$11,443,897) | Appropriation (\$140,148) Transfer \$140,148 | \$0 |
| j | Information Technology Fund 681 | (\$5,857,603) | \$12,727,431 | (\$12,277,361) | Appropriations (\$126,418) | (\$5,533,951) |

Enterprise Funds - Working Capital

| Action | Fund | 07/01/21 Est. Working Capital | Budgeted Revenues/ Sources | Budgeted Expenditures/ Uses | Working Capital Impacts | 06/30/22 Est. Working Capital |
|--------|----------------------------------|-------------------------------|----------------------------|-----------------------------|--|-------------------------------|
| j | Water Utility Fund 570 Note 1 | \$4,433,496 | \$65,812,262 | (\$70,245,758) | Appropriations (\$1,800,000) Potential Loan \$1,800,000 | \$0 |
| j | Transit Services Fund 577 | \$194,354 | \$2,986,765 | (\$2,830,555) | Appropriations (\$3,422,822) Revenue \$3,326,585 | \$254,327 |

Note 1: Potential loan from Fund 572 to Fund 570 at fiscal-year end, if needed, based on actuals.

Recommended action k - Budget Amendments for Fiscal Year 2021

The Fiscal Year 2021 fiscal impact of Recommended Action k is shown in the following tables and

includes revenues, expenditures, and transfers. Two items are not reflected in the following tables as they do not have an additional fiscal impact: (1) Transfer of \$30,000 within the Park Maintenance operating budget and (2) The continuing appropriations for the homeless program from FY 2021 to FY 2022.

| GENERAL FUND | |
|---|------------------------|
| Adopted Budget - FY 2021 Estimated Revenue Over Expenditures | \$ (9,795,360) |
| Use of Pension Obligation Reserve | 2,530,492 |
| Previously Approved/Revised Budget Adjustments (Net)* | (5,021,578) |
| Current Estimated Revenue Over Expenditures | (12,286,446) |
| Action k - Cash Transfer to Abandoned Vehicle Abatement Fund | (229,101) |
| Action k - Trails Master Plan Appropriation | (6,103) |
| Action k - Increase Revenue Estimates - Trails Master Plan | 59,920 |
| Action k - Appropriation Fire Mutual Aid Expenditures | (1,090,527) |
| Action k - Revenue Increase Fire Mutual Aid | 1,090,527 |
| Action k - Appropriation for Final Leave Payments | (400,000) |
| Action k - Bad Debt Expense | (11,813) |
| Revised Estimated Revenue Over Expenditures | \$ (12,873,543) |
| Budget Balancing Measures Reserve - Actual 06/30/20 | 40,539,138 |
| Estimated FY 2021 Change in Budget Balancing Measures Reserve | (12,873,543) |
| Estimated Budget Balancing Measures Reserve - 06/30/21 | \$ 27,665,595 |

* Approved through Council Action or other operational process.

Governmental Funds - Fund Balance

| Action | Fund | 07/01/20 Est. Fund Balance | Budgeted Revenues/ Sources | Budgeted Expenditures/ Uses | Fund Balance Impacts | 06/30/21 Est. Fund Balance |
|--------|--------------------------------------|----------------------------|----------------------------|-----------------------------|---|----------------------------|
| k | Abandoned Vehicle Abatement Fund 241 | \$0 | \$0 | \$0 | Transfer \$229,101 | \$229,101 |
| k | Refuse/Recycling Fund 260 | \$456,581 | \$10,039,196 | (\$10,286,966) | Appropriations (\$189,509) | \$19,302 |
| k | Library Other Grants Fund 415 | \$0 | \$30,571 | (\$30,142) | Appropriations (\$8,250) Revenue \$8,250 | \$429 |
| k | Fleet Operations Fund 682 [Note 1] | \$5,247,191 | \$4,422,856 | (\$8,271,691) | Appropriations (\$3,300) | \$1,395,056 |

Note 1: Includes additional items on the 06/16/2021 agenda.

Enterprise Funds - Working Capital

| Action | Fund | 07/01/20 Est. Working Capital | Budgeted Revenues/ Sources | Budgeted Expenditures/ Uses | Working Capital Impacts | 06/30/21 Est. Working Capital |
|--------|--|----------------------------------|----------------------------------|-----------------------------------|--|----------------------------------|
| k | Reclaimed Water Utility Fund 567 [Note 2] | \$1,406,918 | \$5,629,483 | (\$7,036,401) | Appropriations (\$2,193) Potential Loan \$2,193 | \$0 |
| k | Water Utility Fund 570 | \$9,640,877 | \$58,938,149 | (\$63,327,793) | Appropriations (\$13,250) (\$804,487) | \$4,433,496 |
| k | Water Reclamation Utility Fund 572 [Note 2] | \$41,824,000 | \$32,694,855 | (\$35,604,125) | Appropriations (\$13,310) (\$438,476) Potential Loan (\$2,193) | \$38,460,751 |
| k | Electric Utility Fund 578 | \$6,887,426 | \$16,810,334 | (\$16,139,439) | Appropriations (\$277,524) | \$7,280,797 |

Note 2: Potential loan from Fund 572 to Fund 567 at fiscal-year end, if needed, based on actuals.

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 general rule 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 action is not subject to CEQA. This action adopts the City's FY 2022 budget and approved budgetary amendments for FY 2021, and there is no possibility that approval of the report will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: KIM SITTON, FINANCE DIRECTOR

REVIEWED BY: JACOB ELLIS, CITY MANAGER

Attachments:

1. Exhibit 1 - Fiscal Year 2022 Proposed Budget
2. Exhibit 2 - Fiscal Year 2022 Proposed Capital Improvement Plan
3. Exhibit 3 - Resolution 2021-043, City Council Budget Resolution for Fiscal Year 2022.
4. Exhibit 4 - Resolution No. 2021-044, Corona Utility Authority Budget Resolution for Fiscal Year 2022.
5. Exhibit 5 - Resolution No. 2021-045, Corona Housing Authority Budget Resolution for Fiscal Year 2022.
6. Exhibit 6 - Resolution No. 2021-046, Corona Public Financing Authority Budget Resolution for Fiscal Year 2022.
7. Exhibit 7 - Resolution No. 2021-047, Annual Appropriations Limit for Fiscal Year 2022.
8. Exhibit 8 - Resolution No. 2021-048, Revised Annual Appropriations Limit for Fiscal Year 2021.

9. Exhibit 9 - Resolution No. 2021-049, Position Library and Compensation Plan.
10. Exhibit 10 - Position Library and Compensation Plan - Redline
11. Exhibit 11 - Administrative Policy 01400.805 - Incentive Pay Program - Experienced Lateral Police Officers and Public Safety Dispatchers
12. Exhibit 12 - Administrative Policy 01400.805 - Redline
13. Exhibit 13 - Administrative Policy 01400.201 - Executive Leave Policy
14. Exhibit 14 - Administrative Policy 14000.201 - Redline