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Attachments: 1. Staff Report, 2. Staff Report with Attachments, 3. Budget Adoption 06.19.19

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6/19/2019	2	City Council	adopted	Pass

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

DATE: 06/19/2019

TO: Honorable Mayor/Chairman/President and City Council/Board Members

FROM: Management Services and Administrative Services Departments

SUBJECT:

City Council/Corona Housing Authority/Corona Utility Authority/Corona Public Financing Authority consideration of the Fiscal Year 2019-20 budget adoption

RECOMMENDED ACTION:

That the:

1. City Council adopt Resolution No. 2019-039 adopting said City's budget for Fiscal Year 2019-20, Revised Budget Items and Budget Policies.
2. Corona Utility Authority adopt Resolution No. 2019-041 adopting said Authority's budget for Fiscal Year 2019-20, Revised Budget Items and Budget Policies.
3. Corona Housing Authority adopt Resolution No. 2019-043 adopting said Authority's budget for Fiscal Year 2019-20, Revised Budget Items and Budget Policies.

4. Corona Public Financing Authority adopt Resolution No. 2019-042 adopting said Authority's budget for Fiscal Year 2019-20, Revised Budget Items and Budget Policies.
5. City Council adopt Resolution No. 2019-040 adopting the annual appropriations limit for Fiscal Year 2019-20 and selecting the population and inflation factor accordingly.
6. City Council adopt Resolution No. 2019-048 approving the City of Corona Position Library and Compensation Plan and repealing prior Plans, including Resolution No. 2018-118.
7. City Council and Corona Utility Authority approve the following budget adjustments for Fiscal Year 2019-20:
 - a. Increase the Maintenance Services' Department operating budget in the CFD 2001-01 Landscape Maintenance Fund 249 by \$26,400 for additional landscaping on the easterly medians on Foothill Parkway.
 - b. Increase the Department of Water and Power's operating budget in the Electric Utility Fund 578 by \$317,100 for electrical franchise fees.
 - c. Increase sales tax revenue estimates in the General Fund 110, by \$269,280.
 - d. Appropriate \$7,500 to the Citywide ADA Improvements Project 6869 in the General Fund 110.
 - e. Authorize a change in funding source for the Lincoln Park ADA Playground Improvements capital improvement project. Decrease the budget in the General Fund 110 by \$200,000 and increase the appropriation in the Parks and Open Space Fund 217 by \$200,000.
 - f. Decrease the General Fund personnel budget by a total of \$165,954 (\$98,454 in the Management Services Department and \$67,500 in the Police Department).
 - g. Increase the Water Reclamation Fund 572 personnel budget by a total of \$51,601 in the Department of Water and Power.

ANALYSIS:

RECOMMENDED ACTIONS #1-#4: 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 Fiscal Year 2019-20 Budget and the 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 23, 2019. The budget priorities are enhancing quality of life, public safety and services, customer service, employee safety, economic opportunities, and fiscal responsibility. 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.

Fiscal Year 2019-20 is the City's fourth year of working with a zero-based budget process. The zero-based budget procedure requires an analysis of departmental budgetary needs in the context of specific service delivery objectives and rigorous, detailed cost identification procedures to reflect the true cost of providing City services. The proposed budget schedules presented at the budget workshop on May 23, 2019 are part of a two-year financial plan. The first year, Fiscal Year 2019-20 is presented for the City Council's approval and adoption. The second year, Fiscal Year 2020-21, is

includes as part of the financial plan and will be updated and brought before the City Council for review and approval in June 2020.

RECOMMENDED ACTION #5: Gann Appropriations Limit

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 population growth or the County population growth. For the inflation factor, jurisdictions have a choice between the California per capital 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 population and inflation factors that pertain to the City of Corona for Fiscal Year 2019-20 are as follows:

Population Percentage Growth:

City of Corona	0.65%
County of Riverside	1.17%

Inflation Percentage Factors:

California per capita personal income	3.85%
Change in non-residential assessed valuation due to new construction	Not available

Staff recommends that the County's population change of 1.17% and the California per capita income change of 3.85% be selected 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 Gann 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 year.

RECOMMENDED ACTION #6: 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, a document which includes a list of all authorized employment positions for the City and their corresponding compensation ranges ("Plan").

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.

Revisions to the Plan are highlighted on the attached redline version, with the highlight colors varying based on the reason for the change. Revisions are being requested to add or delete classifications (yellow), compensation range updates (green), and footnote revisions (blue).

The Fire Safety Specialist compensation range is being increased by 49 steps commensurate with increased duties and responsibilities. The compensation range for employees represented by the Corona Police Employees Association (CPEA) and the Corona Police Supervisors Association (CPSA) have been increased by 2 steps in accordance with their respective memorandums of understanding (MOU). The Purchasing Specialist V is being decreased by 28 steps to be more consistent with the compensation of the position series.

Footnote "B" has been revised to add language indicating the hourly expectations for the position will be increased to 100% on July 1, 2019. Footnote "F" indicating compensation ranges were amended to reflect the new State minimum wage increase to thirteen dollars (\$13.00) per hour as of January 1, 2019 is no longer necessary. Instead, Footnote "F" now indicates the compensation range changes for CPEA and CPSA members will be effective the first full pay period following July 1, 2019. New Footnote "G" was added to indicate the compensation range for the Purchasing Specialist V position is being decreased by 28 steps effective the first fully pay period following July 1, 2019 and the current incumbent will be paid 28 steps above the updated compensation range.

RECOMMENDED ACTION #7: Budget adjustments for Fiscal Year 2019-20

After the proposed budget information was presented to City Council on May 23, 2019, the following items were identified as revisions:

- The Maintenance Services' operating budget in CFD 2001-1 Fund 249 needs to be increased by \$26,400 to maintain additional landscaping on the easterly medians on Foothill Parkway, between California and Teddy Bear.
- The Department of Water and Power's operating budget in the Electric Utility Fund 578 needs to be increased by \$317,100 to budget for the electric franchise fees not included in the original budget submittal.
- The revenue estimates, for sales tax, in the General Fund 110 need to be increased by \$269,280 upon additional review of sales tax activity.
- Appropriate \$7,500 to the Citywide ADA Improvements Project 6869 in the General Fund 110. The funding is for Corona North Main's fair share of the accessible ramp, paid by the developer in Fiscal Year 2018-19.
- An accounting change is recommended for the new capital improvement project titled Lincoln Park ADA Playground Improvements. The original budget allocation was for the project to be funded in the General Fund. After additional review of the scope of work, it is recommended that the General Fund allocation be reduced by \$200,000 and an appropriation of \$200,000 is budgeted in the Parks and Open Space Fund 217.
- Based on recent personnel changes, the General Fund budget in the Management Services Department is being reduced by \$98,454. This adjustment is for the pro-rating of a vacant position, based on the estimated hiring timeline. Additionally, the Police Department personnel budget is being decreased by \$67,500. This adjustment accounts for pro-rating of two new additional Police Officer positions (originally included for the full fiscal year) plus a pro-rated reclassification of a Police Corporal to Police Sergeant.
- The Department of Water and Power personnel budget is being increased by \$51,601 in the Water Reclamation Utility Fund 572. This adjustment is to reclassify two Water Reclamation Operator II positions to Water Reclamation Operator III.

COMMITTEE ACTION:

N/A

STRATEGIC PLAN:

This Council Action supports the City's Strategic Plan Goal 6 to improve communication with our community. The budget presentations and schedules presented at the various budget workshops provide expenditures, revenues, and transfers information for all proposed, budgeted funds in Fiscal Year 2019-20. All items approved by the City Council and/or other authorized methods during the time in between the Budget Workshop on May 23, 2019 and June 30, 2019 will be included in the adopted budget.

FISCAL IMPACT:**RECOMMENDED ACTIONS #1-#5**

Actions #1-#5 will adopt the budget for Fiscal Year 2019-20. The total expenditure budget for all City, Proprietary, and Agency funds in Fiscal Year 2019-20 is \$335,128,251, including the budget adjustments in Action #6. The City's appropriations subject to the limitation, based on the Gann calculation, are \$107,814,952. With an appropriations limit of \$558,578,920, the City of Corona is \$450,763,968 under the appropriations limit.

RECOMMENDED ACTION #6

The updated Position Library and Compensation Plan provides for the list of potential positions and salary ranges. Changes to positions have been addressed through the budget process, MOU approvals, or will be processed with approval of the Fiscal Year 2019-20 budget.

RECOMMENDED ACTION #7 for Fiscal Year 2019-20

The Fiscal Year 2019-20 fiscal impacts of action #7 are shown in the following tables and includes changes to expenditures and revenues. Once authorized by the City Council and Corona Utility Authority, the items will be incorporated into the Fiscal Year 2019-20 Adopted Budget and Capital Improvement Plan documents.

Estimated General Fund Revenue Over Expenditures FY 2019-20

GENERAL FUND	
Budget Workshop May 23, 2019 - Estimated Revenue Over Expenditures	\$ 152,247
Budget Adoption - Citywide ADA Improvements Appropriation - CIP 6869	(7,500)
Budget Adoption - Accounting Change - Lincoln Park ADA Playground Improvements	200,000
Budget Adoption - Increase Sales Tax Revenue Estimates	269,280
Budget Adoption - Prorate Personnel in Economic Development	98,454
Budget Adoption - Prorate Personnel in Police	67,500
Revised Estimated Revenue Over Expenditures	\$ 779,981
Estimated Budget Balancing Measures Reserve - 06/30/19	26,124,592
Estimated FY 2019-20 Change in Budget Balancing Measures Reserve	779,981
Estimated Budget Balancing Measures Reserve - 06/30/20	\$ 26,904,573

Other Funding Sources FY 2019-20

Funds with an impact to the net position/fund balance are included in the following table.

Fund	07/01/19 Est. Fund Balance	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Fund Balance Impacts	06/30/20 Est. Fund Balance
Parks and Open Space Fund 217	\$4,909,105	\$235,568	(\$88,388)	(\$200,000) Appropriation	\$4,856,285
CFD 2001-1 Landscape Fund 249	\$3,835,288	\$785,133	(\$621,757)	(\$26,400) Appropriation	\$3,972,264

Working Capital Changes FY 2019-20

Working capital funds (enterprise funds) with an impact to the ending position are included in the following table.

Fund	07/01/19 Est. Working Capital	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Working Capital Impacts	06/30/20 Est. Working Capital
Water Reclamation Utility Fund 572	\$37,824,705	\$32,726,323	(\$31,725,771)	(\$51,601) Appropriation	\$38,773,656
Electric Utility Fund 578	\$16,847,455	\$17,383,692	(\$20,602,528)	(\$317,100) Appropriation	\$13,311,519

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed actions are exempt under the California Environmental Quality Act.

PREPARED BY: KIM SITTON, FINANCE MANAGER III

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, ACTING CITY MANAGER

Attachments:

1. Resolution No. 2019-039
2. Resolution No. 2019-041
3. Resolution No. 2019-043
4. Resolution No. 2019-042
5. Resolution No. 2019-040
6. Resolution No. 2019-048
7. City of Corona Position Library and Compensation Plan - Redline
8. Proposed FY 2019-20 Budget Overview and Schedules (does not include 6/19/19 recommended actions)

