



Legislation Text

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

DATE: 6/21/2017

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

FROM: Administrative Services Department

SUBJECT:

City Council Consideration of the Operational and Capital Budgets for Fiscal Year 2017-18 and Other Actions for Fiscal Year 2016-17

RECOMMENDED ACTIONS:

That the:

1. City Council adopt Resolution No. 2017-055 adopting said City's budget for Fiscal Year 2017-18, Revised Budget Items and General Fund Budget Policies.
2. Corona Utility Authority adopt Resolution No. 2017-03 adopting said Authority's budget for Fiscal Year 2017-18, Revised Budget Items and Budget Policies.
3. Corona Housing Authority adopt Resolution No. 2017-03 adopting said Authority's budget for Fiscal Year 2017-18, Revised Budget Items and Budget Policies.
4. Corona Public Financing Authority adopt Resolution No. 2017-01 adopting said Authority's budget for Fiscal Year 2017-18, Revised Budget Items and Budget Policies.
5. City Council adopt Resolution No. 2017-056 adopting the annual appropriations limit for Fiscal Year 2017-18 and selecting the population and inflation factor accordingly.
6. City Council adopt Resolution No. 2017-048 approving the City of Corona Position Library and Compensation Plan and repealing prior Plans, including Resolution 2016-119.
7. City Council adopt Resolution No. 2017-057 Specifying the Terms of Repayment for a Previously Authorized Loan from the General Fund to the Park Development Fund for the

Acquisition of Parkland and Repealing Resolution No. 2010-058.

8. City Council approve the following General Fund budget adjustments for Fiscal Year 2017-18:
 - a. Reduce the Library and Recreation Services operating budget by \$50,814.
 - b. Reduce the Elected Officials budget by \$11,400.
 - c. Reduce the revenue estimates for the After School Kids Club Program by \$62,400.
 - d. Increase revenue estimates for Other Interest Income by \$310,394.
 - e. Increase revenue estimates for Miscellaneous Income by \$12,500.
 - f. Increase revenue estimates for Intergovernmental Revenue by \$54,175.
9. City Council authorize Fiscal Year 2017-18 budget adjustments based on the recently completed actuarial report for Other Post Employment Benefits, or OPEB. The impact to all funds is \$105,204 with \$97,110 in the General Fund.
10. Corona Utility Authority approve a budget reduction of \$650,000 in Fiscal Year 2017-18 from the Coldwater/Mayhew Canyon Recharge Basin Capital Project, Water Capacity Fund 507.
11. City Council and Corona Utility Authority approve the following estimated revenue adjustments for Fiscal Year 2016-17:
 - a. Increase of \$337,212 in the General Fund for Other Interest Income.
 - b. Increase of \$1,500,000 in the Water Utility Grant/Agreement Fund 571.
 - c. Increase of \$725,710 in the Electric Utility Grant/Agreement Fund 579.
12. Corona Utility Authority approve an appropriation of \$150,000 for Fiscal Year 2016-17 from the Water Capacity Fund 507 to the Home Gardens Ion Exchange Resin Treatment Plan Capital Improvement Project (CIP).
13. Corona Utility Authority approve an appropriation of \$32,920 from the Water Reclamation Utility Fund 572 for Fiscal Year 2016-17 to the Department of Water and Power's operating budget.
14. City Council authorize the following Fiscal Year 2016-17 changes for the Household Hazardous Waste events and the Used Oil Payment Program (OPP) recorded in Refuse and Recycling Fund 260:
 - a. Increase the services-supplies budget by \$365,476.
 - b. Reduce the capital outlay budget by \$45,000.
 - c. Increase the salaries-benefits budget by \$15,657.
15. City Council approve the following Fiscal Year 2016-17 budget adjustments:
 - a. Increase the Maintenance Services' operational budget in LMD 2003-1 Lighting Fund 252 by \$2,100 for increased electrical costs.

- b. Increase the Maintenance Services' operational budget in LMD 84-1 Street Lights Fund 446 by \$4,711 for additional overtime costs.
 - c. Increase the Maintenance Services' operational budget in LMD 84-2 Zone 10 Fund 460 by \$488 for additional overtime costs related to a rain event in early 2017.
 - d. Increase the Maintenance Services' operational budget in Eagle Glen HOA Fund 473 by \$2,100 for lighting repairs and overtime costs.
 - e. Increase the Police Department's operational budget in the Asset Forfeiture Fund 250 by \$8,000 for canine training, recertification, and computer and body wire devices.
 - f. Transfer an amount, not to exceed \$146,000, from the Information Technology Department salaries-benefits budget to the services and supplies budget. The final amount will be determined based on the year-end balance.
 - g. Transfer an amount, not to exceed \$406,000, from the Public Works Department salaries-benefits budget to the services and supplies budget. The final amount will be determined based on the year-end balance.
16. City Council approve the carryover of donation funds not expended in the Library and Recreation Services Department by June 30, 2017, not to exceed \$65,000. The actual carryover amount is to be determined based upon the audited year-end balances.
17. City Council authorize the establishment of a new CIP titled "Timekeeping System" and approve the transfer of \$500,000, in the General Fund, from the General Government operational budget to the new CIP.
18. City Council and Corona Utility Authority approve an inter-fund loan in the amount of \$10,850,000, payable from the Water Capacity Fund 507 to the Water Utility Fund 570. The loan amount represents previous cash advances made from Fund 570 to Fund 507 to fund capital improvement projects related to capacity in Fiscal Years 2009-10 and 2014-15.

ANALYSIS:

Recommended Items #1 - #4: Annual Budget, Revised Budget Items and Budget Policies

Presented for consideration by the City Council and the various Boards of the City's component units are the Proposed Fiscal Year 2017-18 Budget and the Five Year Capital Improvement Program along with Revised Budget Items as identified in Attachment A. 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 Program 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 2017-18 is the City's second year working with a zero-based budget. The zero-based budget procedure requires an analysis of departmental budgetary needs in the context of specific service delivery objectives and rigorous and detailed cost identification procedures in order to reflect the true cost of providing City services. The proposed budget schedules presented at the Budget Workshop on May 24, 2017, is the first submittal of a two year financial plan. The first year, Fiscal

Year 2017-18, is presented for the City Council's approval. The second year, Fiscal Year 2018-19, is included as a financial plan and will be brought before the City Council for approval in June 2018.

Recommended Item #5: Gann Appropriation 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 capita personal income or the increase in nonresidential assessed valuation due to new construction. Under the California Constitution, a jurisdiction is required to adopt the Gann Appropriation Limit annually by resolution, and has to select each factor by a vote of the governing body. The population and inflation factors that pertain to the City of Corona for Fiscal Year 2017-18 are as follows:

Population Percentage Growth:

City of Corona:	2.34%
County of Riverside:	1.56%

Inflation Percentage Factors:

California per capita personal income:	3.69%
Change in Nonresidential Assessed Valuation Due to New Construction:	Not available

Staff recommends that the County's population change of 1.56% and the California per capita personal income change of 3.69% be selected by the City Council. The change in the nonresidential assessed valuation due to new construction is provided by the County of Riverside. However, the information is usually not available to the City at the time that the limit has to be adopted. When the change in the nonresidential 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 it to Council for approval. An attestation letter of the calculation is provided by the City's audit firm during the annual audit 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 under Human Resources; the document is titled "Full Time Employee Budgeted Positions List."

Revisions to the Plan are highlighted on the attached redline version, with the highlight colors varying based upon the reason for the change. Revisions are being requested to incorporate compensation range adjustments resulting from the minimum wage increase with the corresponding new footnote "D" (green highlight), compensation range decrease (yellow highlight), added position (orange highlight), and an informational footnote (blue highlight).

A new Footnote "D" is being included to indicate that the City will comply with SB 3, which amended section 1182.12 of the Labor Code to require a minimum wage increase to eleven dollars (\$11.00) per hour on January 1, 2018. The compensation range for the Compliance Coordinator position is being adjusted down by forty (40) steps to bring the compensation range in-line the Sr. Building Permit Technician and the general duties assigned to the position. Additionally, the incumbent in the Environmental Compliance Coordinator is approximately seven (7) percent above the maximum authorized compensation range as a result of a City reorganization of the Public Works Department and the Department of Water and Power effective July 9, 2016, which resulted in the incumbent's move into this position. If the position becomes vacant, the replacement will be hired within the compensation range for the position. Finally, the new classification of Camera Operator is being added. This position would be responsible for a variety of duties associated with the operation of video surveillance and video equipment in the Police Department.

Recommended Action #7: Approval of Resolution Specifying the Terms of Repayment for a Previously Authorized Loan from the General Fund to the Park Development Fund for the Acquisition of Parkland and Repealing Resolution No. 2010-058

Resolution No. 2010-058 adopted by City Council on June 15, 2010 set priority for Quimby fees collected to repay a loan the General Fund advanced to the Park Development Fund. The advancement was for the purpose of paying the scheduled debt service obligation on the park bonds which were issued to acquire park sites Citywide. Quimby fees are only imposed on certain subdivisions as permitted by Government Code Section 66477. The City imposes development impact fees upon new developments that are not otherwise required to pay Quimby fees, which are also to be used for parkland acquisition. The recommended action item will repeal Resolution No. 2010-058, and will allow the development impact fees imposed attributable to parkland acquisition be used to repay the amount owed to the General Fund. As of the beginning of Fiscal Year 2016-17, the balance of the loan was \$14,807,287. At the end of each fiscal year, the Assistant City

Manager/Administrative Services Director will direct staff to transfer to the General Fund any Quimby and development impact fees pertaining to parkland acquisition collected during that fiscal year.

Recommended Actions #8 - #10: Budget Adjustments for Fiscal Year 2017-18

After the Fiscal Year 2017-18 budget was prepared, the following items were identified as revisions:

- Reduce the General Fund Library and Recreation Services operating budget by \$50,814.
 - Reduction of \$30,392 for the After School Kids Club Program. After working closely with the Corona Norco Unified School District, the expansion of one site originally planned in Fiscal Year 2017-18 will be delayed one year until the 2018-19 school year.
 - Reduction of \$20,422 for the elimination of one part time Recreation Specialist position.
- Reduce the General Fund Elected Officials' salaries-benefits budget by \$11,400 to correct the budget for deferred compensation match. The item was incorrectly included as elected officials are not eligible for the benefit.
- General Fund Revenue adjustments:
 - Reduction of \$62,400 for the After School Kids Club Program related to the delay in expansion of one site until the 2018-19 school year.
 - Increase of \$310,394 to include the estimated revenue budget for Other Interest Income, which was inadvertently excluded from the original estimates.
 - Increase of \$12,500 for Miscellaneous Income for the new Jail Network Advertising program. Revenue in Fiscal Year 2017-18 is pro-rated for six months.
 - Increase of \$54,175 for Intergovernmental Revenues for the ABC Grant approved by City Council on June 7, 2017.
- The recently completed actuarial report for Other Post Employment Benefits, or OPEB, was issued after the original budget was prepared. The net budgetary impact across all funds is an increase of \$105,204, with \$97,110 in the General Fund.
- The Coldwater/Mayhew Canyon Recharge Basin Capital Improvement Project was originally submitted with a budget of \$650,000 in Fiscal Year 2017-18, in the Water Capacity Fund 507. Based on current department priorities, the funding will be moved to Fiscal Year 2019-20.

Recommended Items #11 - #18: Year End Fiscal Items for Fiscal Year 2016-17

- General Fund revenue increase of \$337,212 for Other Interest Income which was not included in original projected revenue figures.
- Revenue increase of \$1,500,000 in the Water Utility Grant/Agreement Fund 571 for reimbursement of the WRCWRA Bluff Street Reclaimed Pipeline.
- Revenue increase of \$725,710 in the Electric Utility Grant/Agreement Fund: \$450,632 for the California Energy Commission (CEC) Electric Vehicle Charging Stations and \$275,078 for the CEC Plug In Vehicle Readiness Plan.
- Appropriation of \$150,000 from the Water Capacity Fund 507 for the Home Gardens Ion

Exchange Resin Treatment Plant for additional change orders needed to complete the project.

- Appropriation of \$32,920 from the Water Reclamation Utility Fund 572 to the Department of Water and Power's operating budget for new vehicles and a grit pump for Water Reclamation Facility #1.
- Increase the budget in the Refuse/Recycling Fund 260 by \$336,133. The salaries-benefits portion is \$15,657 for Household Hazardous Waste events and Used Oil Payment Program (OPP). The services-supplies portion is \$324,841 for additional refuse and disposal costs, bad debt expenses, and OPP charges. In addition, \$40,635 is for services and supplies for the Beverage Container Recycling Grant. The reduction of \$45,000 in the capital budget section is needed for realignment of the Beverage Container Recycling Grant.
- A budget increase of \$2,100 is needed in the LMD 2003-1 Lighting Fund 252 for additional electrical costs.
- An increase of \$4,711 in the LMD 84-1 Street Lights Fund 446 is needed to additional overtime costs not originally included in the budget.
- An appropriation of \$488 is needed in the Maintenance Services' operating budget in the LMD 84-2 Zone 10 Fund 460 for additional overtime costs related to a rain event early in 2017.
- Increase of \$2,100 needed in the Eagle Glen HOA Fund 473 for additional overtime costs and lighting repairs.
- Appropriation of \$8,000 in the Asset Forfeiture Fund 250 for canine training, recertification, and computer and body wire devices.
- Transfer up to \$146,000 from the Information Technology Department's salaries-benefits budget to the services and supplies budget. The savings is from vacancies throughout the fiscal year and will fund technology related projects currently underway. The final amount will be determined based on the year-end balance.
- Transfer up to \$406,000 from the Public Works' salaries-benefits category to the services and supplies category. The savings in the salaries and benefits section is from vacancies throughout the fiscal year and will fund contracts for outside services for inspection and plan checking. The final amount will be determined based on the year-end balance.
- Approve the carryover of donation funds, up to \$65,000, previously appropriated by the City Council on May 3, 2017. The donation of \$65,000 from the Friends of the Corona Public Library is for the "LaRS on the Go" vehicle and related equipment.
- A budgetary transfer of \$500,000 is needed to a new capital improvement project titled "Timekeeping System" from the General Government operating budget within the General Fund. The project will allow for the purchase and implementation of a system to assist with more accurate timekeeping capabilities.
- The inter-fund loan and repayment agreement between the Water Utility Fund (Fund 570) and the Water Capacity Fund (Fund 507) is to memorialize cash advances Fund 570 made to Fund 507 in Fiscal Years 2009-10 and 2014-15 to fund for various capital improvement projects in Fund 507. These projects qualify for water development fees as they expand the existing capacity of the City's water utility infrastructure to allow additional developments.

Total amount of the cash advances were \$10,850,000. Repayment will be made from development fees collected from Fund 507, after payment of all of Fund 507's debt service, agreement, and contractual obligations. Unpaid balance will bear an interest at the rate of the Local Agency Investment Fund (LAIF) rate of return at June 30th of each year to calculate that year's accrued interest. The approval of the inter-fund loan and repayment agreement will allow the prior cash advance be recorded in the City's financial system.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

This item supports the City's Strategic Plan Goal 6 to improve communication with our community. The budget schedules presented at the Budget Workshop on May 24, 2017 provide expenditure and revenue information for all authorized, budgeted funds in Fiscal Year 2017-18. All items approved by City Council, and/or other authorized methods, during the time between the Budget Workshop and June 30, 2017 will be included in the adopted budget.

FISCAL IMPACT:

Recommended Items #1 - #5:

The total budget for all City, Proprietary, and Agency funds in the Proposed Fiscal Year 2017-18 Annual Budget is \$308,139,724. The City's appropriations subject to limitation are \$101,404,130. With an Appropriations Limit of \$505,770,687, the City is \$404,366,558 under the Appropriations Limit.

Recommended Item #6:

The updated Position Library and Compensation Plan provides for the list of potential positions and pay ranges. Changes to positions have either been addressed through the budget process, prior MOU approvals, or will be processed during the fiscal year and offset with budget adjustments.

Recommended Item #7:

The recommended action will reduce the amount owed to the General Fund by transferring revenues collected in the Park Development Fund that pertains to parkland acquisition.

Recommended Items #8 - #10:

The Fiscal Year 2017-18 net fiscal impact of Recommended Items #8-10 is summarized in the following tables and includes changes to estimated revenues and expenditures. Recommended items pertaining to carryovers of unexpended 2016-17 funds to fiscal year 2017-18 are not included below as these are not 'new' appropriations of funding. Once authorized by the City Council, staff will include all the related changes in the Fiscal Year 2017-18 Adopted Budget and Capital Improvement Plan.

GENERAL FUND	
Budget Workshop May 24, 2017 - Estimated Revenue Over Expenditures	(\$3,204,214)
General Fund Revenue Increase	<u>279,773</u>
Revised Estimated Revenue Over Expenditures	(\$2,924,441)
Budget Balancing Measures Reserve 06/30/16	\$19,429,676
Original Estimated FY 2016-17 Balance to Reserve (Budget Workshop 5/24/17)	2,088
Additional Estimated FY 2016-17 Balance to Reserve	<u>1,079</u>
Estimated Budget Balancing Measures Reserve Balance 06/30/17	\$19,432,843
Estimated Use of Budget Balancing Measures FY 2017-18	<u>(2,924,441)</u>
Estimated Budget Balancing Measures Reserve Balance 06/30/18	\$ 16,508,402

Fund	07/01/2017 Fund Balance/ Net Position	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	06/21/2017 Fund Balance/ Net Position Impacts	06/30/2018 Est. Fund Balance/ Net Position
Gas Tax Fund 222	\$2,993,458	\$4,665,567	(\$4,074,718)	(\$572)	\$3,583,735
Co. Service Area 152 Fund 245	\$273,159	\$900,000	(\$1,078,103)	(\$403)	\$94,653
Low Mod Income Housing Asset Fund 291	\$7,297,098	\$690,098	(\$146,509)	(\$73)	\$7,840,614
Traffic Offender Fund 422	\$177,735	\$188,233	(\$269,618)	\$4,610	\$100,960
CDBG Fund 431	\$0	\$1,300,000	(\$208,559)	(\$46)	\$1,091,395
Warehouse Services Fund	\$399,018	\$215,633	(\$215,633)	(\$61)	\$398,957
Fleet Operations Fund 682	\$7,346,899	\$4,383,600	(\$5,036,040)	(\$629)	\$6,693,830

Fund	07/01/2017 Working Capital	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	06/21/2017 Working Capital Impacts	06/30/18 Est. Working Capital
Water Capacity Fund 507	\$0	\$4,432,227	(\$2,312,116)	\$650,000	\$2,770,111
Water Utility Fund 570	\$15,308,755	\$52,966,456	(\$66,529,622)	(\$5,568)	\$1,740,021
Water Reclamation Utility Fund 572	\$23,823,252	\$35,672,700	(\$28,933,382)	(\$3,370)	\$30,559,200
Transit Services Fund 577	\$699,192	\$3,506,299	(\$3,854,668)	(\$268)	\$350,555
Electric Utility Fund 578	\$8,302,003	\$18,205,754	(\$17,163,434)	(\$1,373)	\$9,342,950

Recommended Items #11 - #15: Year End Fiscal Items for Fiscal Year 2016-17

Recommended Items #11 - #15 will have the following impacts on revenues in the noted funds:

GENERAL FUND	
Budget Workshop May 2016 - Estimated Revenue Over Expenditures	\$ 12,432
Previously approved budget adjustments (net), includes updated forecast items from Budget Workshop May 24, 2017 *	(10,344)
Current Estimated Revenue Over Expenditures	(2,088)
General Fund Revenue Increase	337,212
Refuse/Recycling Appropriation Adjustments	(336,133)
Revised Estimated Revenue Over Expenditures	\$3,167
Budget Balancing Measures Reserve 06/30/16	\$19,429,676
Estimated Ending Balance 06/30/17	3,167
Estimated Budget Balancing Measures Reserve Balance 06/30/17	\$ 19,432,843
<i>*Approved through Council Action or other operational process.</i>	

Fund	07/01/2016 Fund Balance/ Net Position	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	06/21/2017 Fund Balance/ Net Position Impacts	06/30/2017 Est. Fund Balance/ Net Position
Asset Forfeiture Fund 250	\$235,601	\$283,099	(\$11,282)	(\$8,000)	\$499,418
LMD 2003-1 Fund 252	\$835,631	\$150,097	(\$147,410)	(\$2,100)	\$836,218
LMD 84-1 Street Lights Fund 446	\$507,137	\$2,678,001	(\$2,253,132)	(\$4,711)	\$927,295
LMD 84-2 Zone 10 Fund 460	\$3,970,537	\$2,008,469	(\$3,682,347)	(\$488)	\$2,296,171
Eagle Glen HOA Fund 473	\$31,414	\$91,303	(\$54,353)	(\$2,100)	\$66,264

Fund	07/01/2016 Working Capital	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	06/21/2017 Working Capital Impacts	06/30/17 Est. Working Capital
Water Capacity Fund 507	\$0	\$6,993,922	(\$6,843,922)	(\$150,000)	\$0
Water Utility Grant/ Agrmt Fund 571	\$0	\$1,300,000	(\$2,800,000)	\$1,500,000	\$0
Water Reclamation Utility Fund 572	\$ 84,944,156	\$32,237,535	(\$55,471,169)	(\$32,920)	\$61,677,602

Electric Utility Grant/ Agrmt Fund 579	\$0	\$0	(\$725,710)	\$725,710	\$0
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Recommended Items #16 and #17 will have no fiscal impact in fiscal year 2016-17. Item #16 was received as a donation and has already been appropriated in the Library and Recreation Services' operating budget. The continuing appropriation will not impact the current fund balance. Item #17 is a transfer of existing funds from the General Government departmental budget to a new capital improvement project.

Recommended Item #18 will record an inter-fund loan between the Water Utility Fund 570 and the Water Capacity Fund 507. The amount will repaid per the terms of the inter-fund loan agreement.

ENVIRONMENTAL ANALYSIS:

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

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PREPARED BY: KIM SITTON, FINANCE MANAGER

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

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER