



STAFF REPORT

DATE: 08/06/2025
TO: Honorable Mayor and City Council Members
FROM: Finance Department

2025-291

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:
FISCAL YEAR 2025 QUARTER 4 BUDGETARY ADJUSTMENTS

EXECUTIVE SUMMARY:

This staff report asks the Council to consider budgetary adjustments for Fiscal Year 2025 based on the Quarter 4 results and staff recommendations for funding level changes. Staff presents an update to the City Council on the current fiscal year revenue and expenditures quarterly. As part of the process, departments review the operating and capital improvement project funding levels and provide recommendations for budgetary adjustments. For Quarter 4, staff recommends appropriating \$1,120,320 and increasing estimated revenues by \$57,716, as noted in Exhibit 1.

RECOMMENDED ACTION:

That the City Council:

- a. Appropriate \$1,120,320 and increase estimated revenues by \$57,716 across multiple funds, as noted in Exhibit 1 – Appropriations and Estimated Revenues.
- b. Authorize a continuing appropriation in the amount not to exceed \$15,544 in the General Fund 110 from Fiscal Year 2025 to Fiscal Year 2026 for Fire Department minor equipment purchases. The final amount will be determined based on the fiscal year-end balance.

- c. Authorize the City Manager, or his designee, to issue a change order to the FY 2025 purchase order B250124 with Grainger in the amount of \$12,500 for a total amount of \$315,000.
- d. Authorize the City Manager, or his designee, to approve the extension of the year-to-year maintenance contract with Motorola for the Police Department's FLEX CAD/RMS system for the 2024-2025 fiscal year.
 - i. Authorize the City Manager, or his designee, to execute the necessary agreements and purchase orders for continued maintenance and support.

That the Corona Utility Authority review, ratify, and to the extent necessary direct the City Council to take the above actions.

BACKGROUND & HISTORY:

On a quarterly basis, the Finance Department provides a budget update to the City Council. As part of the quarterly process, departments provide operating and capital improvement project (CIP) adjustments that need to be addressed in the fiscal year (FY). The Finance Department prepares a consolidated request for the City Council's consideration.

ANALYSIS:

Item a - Appropriate \$1,120,320 and increase estimated revenues by \$57,716 across multiple funds, as noted in Exhibit 1 – Appropriations and Estimated Revenues.

The information below summarizes the recommended appropriations and estimated revenue increases. The complete list is provided in Exhibit 1 – Appropriations and Estimated Revenues.

Appropriations

1. South Mall Parking Lot Rehabilitation Capital Improvement Project No. ST-2025-07

Inspection and material testing were initially planned as part-time services. However, due to the project's high visibility and multiple concurrent activities, full-time inspection became necessary, resulting in a contract revision. In addition, delays from SCE and unforeseen change orders extended the project schedule. Staff recommends an appropriation in the amount of \$300,000 from the Measure X Fund 120 to the South Mall Parking Lot Rehabilitation Capital Improvement Project No. ST-2025-07 to cover utility relocation costs (\$22,000 for AT&T and \$236,000 for SCE), staff time, and consultant inspection services. This adjustment increases the total construction support budget to \$525,786, which is expected to cover all remaining support through project completion.

2. Supplemental Water and Recycled Water for CFD and LMD Irrigation

Due to below-average rainfall in FY 2025, demand for both potable and recycled water has increased to support irrigation and essential operations. To address this increased demand, staff is requesting a total appropriation of \$63,000 (\$3,000 from CFD 2017-2 Valencia Special Tax B Fund 238, \$20,000 from CFD 97-1 Landscape Maintenance Fund 248, \$5,000 from LMD 84-2 Zone 2 Landscape Maintenance Fund 455, \$10,000 from LMD 84-2 Zone 6 Landscape Maintenance Fund 457, and \$25,000 from LMD 84-2, Zone 14 Fund 461). These appropriations will support essential irrigation and operational needs while aligning with the City's sustainability and water conservation goals during ongoing drought conditions.

3. Landscaping services for CFD 2016-3 Zone 6

Zone 6 was previously maintained by the developer; however, the City assumed responsibility for contracted landscaping services beginning in FY 2025. The City now contracts with Greentech to maintain the area at a monthly cost of \$850. To cover these services for FY 2025, staff is requesting an appropriation of \$10,200 from CFD 2016-3 Zone 6 TM31373 Fund 294. This appropriation will cover FY 2025 costs, and ongoing services are budgeted beginning in FY 2026.

4. Reclaimed Water Conversion with Rebate Support

The City needs to allocate additional funds to support the conversion of existing irrigation systems to reclaimed water—an important sustainability initiative that will significantly reduce potable water usage. Although this effort requires upfront investment, the cost is fully offset by rebates available through the SoCal Water Smart Program. By leveraging this rebate opportunity, the City can advance its water conservation goals while minimizing long-term operational costs. The staff is requesting appropriation in the amount of \$57,716 and offsetting revenue increase for the same amount within LMD 84-2 Zone 19 Landscape Maintenance Fund 468.

5. Mt. Gate Green Belt – Sidewalk Panel Replacement

Funding is needed to cover the replacement of 18 deteriorated concrete sidewalk panels in the Mt. Gate Green Belt area. The panels had become trip hazards, creating potential liability concerns. Repairs were prioritized in response to multiple SeeClickFix reports, and prompt action was taken to ensure public safety and reduce legal risk. Staff is requesting appropriation in the amount of \$85,000 from LMD 84-2 Zone 20 Landscape Maintenance Fund 470 for the sidewalk panel replacement.

6. Cost-Share for Annual Audit Service

The cost share for annual audit services by The Pun Group from the Successor Agency Fund was inadvertently omitted from the FY 2025 budget. To correct this, staff is requesting appropriation of the amount of \$9,404 from Successor Agency Fund 475 for the funds' share of audit costs.

7. Police Department K-9 Unit Upfit

Police Department vehicle Unit No. 79363 was initially intended to serve as a general Police Department vehicle. However, it was later designated to be converted into a K-9 unit, which required the addition of specialized components to the uplift kit. These items were not included in the original vehicle purchase, resulting in this additional cost. The staff is requesting appropriation in the amount of \$15,000 from the Fleet Replacement Fund 684.

8. Enterprise Lease Expenses

Due to an increase in the number of City vehicles being leased, monthly lease payments to Enterprise have risen significantly. The original FY 2025 budget allocated \$700,000 for these expenses; however, this amount did not fully account for the total number of active leases and projected additions throughout the year. To adequately cover costs for both existing and anticipated lease vehicles, staff is requesting an appropriation in the amount of \$580,000 from the Fleet Replacement Fund 684, bringing the total Enterprise lease budget to \$1,280,000.

Item b - Authorize a continuing appropriation in the amount not to exceed \$15,544 in the General Fund 110 from Fiscal Year 2025 to Fiscal Year 2026 for Fire Department minor equipment purchases. The final amount will be determined based on the fiscal year-end balance.

The Fire Department is requesting continuing appropriations to purchase minor equipment for the Fire Facility Maintenance Division. Due to ongoing vendor backorders, the purchase of essential equipment—including refrigerators, freezers, and related accessories—originally budgeted in FY 2025 has been delayed. These items will replace existing units that have reached the end of their useful life.

Item c - Authorize the City Manager, or his designee, to issue a change order to the FY 2025 purchase order B250124 with Grainger in the amount of \$12,500 for a total amount of \$315,000.

Since FY 1997, the City has purchased a broad range of industrial and safety supplies from Grainger. These include, but are not limited to, drill bits, electrical tape, safety equipment, and other essential materials that support the day-to-day operations and maintenance of City facilities. The city utilizes various competitively sourced cooperative purchasing agreements awarded to this vendor. Currently, the City is using Sourcewell National Cooperative Master Price Agreement No. 091422-WWG.

Due to increased departmental purchases in FY2025, the total purchase order amount with Grainger must be increased from \$302,500 to \$315,000. Funding for the recommended action is available in the Fiscal Year 2025 operating budgets.

Item d - Authorize the City Manager, or his designee, to approve the extension of the year-to-year maintenance contract with Motorola for the Police Department's FLEX CAD/RMS system for the 2024-2025 fiscal year.

In FY 2017, City Council approved a contract with Motorola for the Police Department's Computer Aided Dispatch (CAD) and Records Management System (RMS), known as FLEX CAD/RMS. The contract established a four-year maintenance term covering FY 2021–2024. While the agreement includes language allowing it to continue on a year-to-year basis after FY 2024, Council's approval was limited to the initial four-year term and did not authorize any extensions beyond that period. Since implementation in 2018, the FLEX CAD/RMS system has supported critical police dispatch and records functions. However, the system has experienced reliability issues, including downtime and software update challenges. As the City evaluates long-term options such as a full system upgrade or a change in maintenance providers, a year-to-year contract structure provides the flexibility needed to maintain uninterrupted operations during this transition.

This item requests City Council approval to extend the current maintenance agreement with Motorola on a year-to-year basis beyond the originally approved FY 2021–2024 term and to execute the necessary agreements and purchase orders for continued maintenance and support. Funding for the recommended action is available in the Fiscal Year 2025 Police Department operating budget within the General Fund 110.

FINANCIAL IMPACT:

Approval of recommended action will have financial impacts as noted below. There is sufficient fund balance or working capital available in each of the respective funds for approval of the recommended actions.

Fund #	Fund	Appropriations	Estimated Revenue Increase	Net Impact
120	Measure X Fund (120)	300,000	-	300,000
238	CFD 2017-2 Valencia Spec Tax B Fund (238)	3,000	-	3,000
248	CFD 97-1 Landscape Maint Fund (248)	20,000	-	20,000
294	CFD 2016-3 Zone 6 Tm31373 Fund (294)	10,200	-	10,200
455	LMD 84-2 Zone 2 Landscape Maint Fund (455)	5,000	-	5,000
457	LMD 84-2 Zone 6 Landscape Maint Fund (457)	10,000	-	10,000
461	LMD 84-2 Zone 14 Landscape Maint Fund (461)	25,000	-	25,000
468	LMD 84-2 Zone 19 Landscape Maint Fund (468)	57,716	57,716	-

470	LMD 84-2 Zone 20 Landscape Maint Fund (470)	85,000	-	85,000
475	Successor Agency Fund (475)	9,404	-	9,404
684	Fleet Replacement Fund (684)	595,000	-	595,000
	Total	\$ 1,120,320	\$ 57,716	\$ 1,062,604

Approval of recommended actions b through d will not have an additional financial impact.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environment Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to approve budgetary adjustments for FY 2025, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: LUIS NAVARRO, BUDGET SUPERVISOR

REVIEWED BY: JULIE KENNICUTT, DEPUTY FINANCE DIRECTOR

ATTACHMENTS:

1. Exhibit 1 – Appropriation and Estimated Revenues