

REPORT TO CITY COUNCIL AND REDEVELOPMENT AGENCY

DATE: NOVEMBER 9, 2011

TO: HONORABLE MAYOR/CHAIR AND MEMBERS OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

FROM: GREG RAMIREZ, CITY MANAGER/EXECUTIVE DIRECTOR

BY: CHRISTY PINUELAS, DIRECTOR OF FINANCE

SUBJECT: ADOPT AMENDMENTS TO FISCAL YEAR 2010-11 CITY OF AGOURA HILLS AND AGOURA HILLS REDEVELOPMENT AGENCY BUDGETS

The request before the City Council and Redevelopment Agency is to consider amending the Fiscal Year 2010/11 City of Agoura Hills (City) and Agoura Hills Redevelopment Agency (RDA) budgets as shown on Exhibit 'A'. These amendments have been approved by the Finance Committee and are now being brought before the City Council and Redevelopment Agency for approval. Although the fiscal year ends on June 30, cities in California must wait until the end of September to close their books, due to the delays in receiving revenues from the State.

The City's efforts to continue its sound fiscal management practice led to the majority of the City's total operational expenditures coming within the budgeted amounts. Certain departments exceeded their total appropriations limit and need to be reviewed in consideration of amending their budgets.

General Fund

The General Fund is the primary fund of the City; it receives the most discretionary money. Unaudited General Fund revenues are at 99.4% of the budget as shown below:

General Fund	Unaudited Actual	Amended Budget
Total	\$12,207,982	\$12,277,619

The amended budget for the General Fund for Fiscal Year 2010/11 is shown as follows:

General Fund	Unaudited Actual	Amended Budget	Recommended Budget
Operational Expenses	\$10,533,786	\$10,727,305	\$10,586,853
Sales Tax Refund	115,569	0	115,569
Transfers	1,493,474	1,172,000	1,493,474
Total	\$12,142,829	\$11,899,305	\$12,195,896

Operationally, the City was on budget for both revenues and expenses. However, as shown on the above referenced table, the General Fund exceeded authorized expenditures in total, primarily due to an unanticipated sales tax refund (\$115,569) and a transfer to the Redevelopment Agency (\$321,474) that was scheduled for 2011/12. An explanation of these two items is as follows:

- The State notified us in mid-July that \$115,569 in sales tax intended for another city had inadvertently been sent to the City of Agoura Hills over a period of several years. While the amount has not yet been remitted to the State, we anticipate the payment to occur in November and have recorded the liability.
- The General Fund transferred \$321,474 more than budgeted to the RDA in 2010/11 than anticipated. This transfer was budgeted for 2011/12, so it is a timing issue. However, in consulting with our bond attorneys, and financial advisor, the transfer needed to be done at June 30, 2011 to meet our bond covenants.

The City Council authorizes the budget at the department level. Although, in total, our operational expenses were at 98% of budget, various departments within the General Fund exceeded budgeted appropriations, as explained in Exhibit "A". The total increases to the four departments are \$51,050 and are summarized below:

City Attorney

The City Attorney had an increased caseload during the fiscal year related to property and land use. These unanticipated costs for this and other litigation created an overage of 5% or \$32,950.

Public Facilities

The Public Facilities Division went over budget by \$12,000 due to greater than anticipated costs for utilities (\$3,000) and an unanticipated air conditioning repair (\$9,000).

Animal Control

The City contracts with the county for animal control costs. This year, the contract exceeded prior years. It has been reported that, due to the current economy, more animals are being turned in to the shelter, requiring the animals to be housed for longer periods of time and increasing costs.

Storm Drain and Flood Control

This request for \$1,500 in professional services represents unanticipated storm drain maintenance. This year due to the large rainfall, the costs were greater than anticipated.

Offsetting these increases are several departments with realized savings in the amount of \$191,502. The savings can be primarily traced to a reduced need for contract services in Finance; Planning & Administration; Building & Safety; and Landscape Maintenance. Furthermore, Recreation saved monies in the areas of printing and special supplies and the Sheriff saved monies on special enforcement. These decreases are further explained in Exhibit "A".

Several other Funds had expenditure adjustments in various divisions. These funds are as follows:

Measure R Fund

This Fund is to record projects costs of the new Measure R grant. The projects proceeded at a faster than anticipated pace. Therefore, within the division of Street Improvements (\$171,300), the budget was exceeded due to work on the Agoura Road Widening and Chesebro Bridge projects. Furthermore, in the areas of City Manager (\$3,074); Finance (\$1,500) and Public Works (\$33,300) costs were increased for administration of the projects. These costs are reimbursed with Measure R grant monies.

Traffic Improvements Fund

Several years ago, the City entered into an agreement with Center Court for the collection of Traffic Improvement Fees. Although the City recorded a lien against the property, the property was sold in a foreclosure and it is doubtful that the City will be able to collect the outstanding fees. Staff is working with the City Attorney to attempt to collect the monies, but the \$105,316 recorded in outstanding fees needs to be written off to bad debt at this time.

Miscellaneous Grants Fund

Beverage Grant and Oil Grant monies exceeded budget by \$2,213. These costs are reimbursed by state grants. The Sheriff's Special Events exceeded the budget by \$52,000. This is related to increased DUI checkpoint activity. However, these funds are completely reimbursable.

Redevelopment Funds

The Redevelopment Agency received more tax increment than anticipated. This increase led to greater pass thrus to the various funds within the Agency and greater pass thrus to various agencies totaling \$248,000. Because of the litigation between the RDA and the State of California, attorney costs were \$3,900 greater than anticipated; consultant costs were \$2,000 greater and staff time was \$2,800 greater.

Additionally the General Fund transferred an additional \$325,000 to the RDA in 2010/11 than anticipated. This transfer was budgeted for 2011/12, so it is a timing issue. However, in consulting with our bond attorneys, and financial advisor, the transfer needed to be done at June 30, 2011 in accordance with our bond covenants.

RECOMMENDATION

Staff respectfully recommends the City Council and Redevelopment Agency approve amending the Fiscal Year 2010/11 Budget for the amounts shown in Exhibit "A".

Attachments: Exhibit 'A'

**City of Agoura Hills
Agoura Hills Redevelopment Agency
Fiscal Year 2010/11 Budget Amendments
Exhibit 'A'**

Project/Fund	Account	Account Number	Amendment	Reason
City Attorney				
General Fund	Professional Services	010-4140-5510.00	32,950	Litigation
Public Facilities				
General Fund	Maintenance building/Grounds	010-4180-5430.00	9,000	Unanticipated air conditioning repairs
General Fund	Utilities	010-4180-5428.00	3,000	Utility costs greater than anticipated
Animal Control				
General Fund	Contract Services	010-4240-5520.00	4,600	Contracted animal control expenses
Storm Drain & Flood Control				
General Fund	Professional services	010-4525-5520.43	1,500	Unanticipated storm drain maintenance
Total Recommended General Fund Operational Increases			<u>51,050</u>	
Finance				
General Fund	Professional Services	010-4150-5510.00	(14,000)	Timing of audit
Automated Office Systems				
General Fund	Professional services	010-4195-5510.00	(10,000)	Savings on Information Technology
Planning & Administration				
General Fund	Professional services	010-4305-5510.00	(16,000)	Savings in Professional Services
General Fund	Contract Services	010-4305-5520.00	(12,000)	Savings on Contract Services
Building & Safety				
General Fund	Contract Services	010-4390-5520.00	(35,000)	Reduced needs for contract services
Recreation				
General Fund	Part-time Salaries	010-4420-5102.00	(9,900)	Reduced part-time salary needs
General Fund	Printing	010-4420-5423.00	(10,809)	Reduced printing needs
General Fund	Special Supplies	010-4420-5424.00	(15,993)	Reduced supplies for spec events
Sheriff				
General Fund	Other Sheriff	010-4210-5520.57	(15,000)	Reduced needs for Special Enforcement
Community Services				
General Fund	Postage	010-4440-5421.00	(5,400)	Reduced mailing needs
General Fund	Rents and Leases	010-4440-5429.00	(4,400)	Rent
General Fund	Other Improvements	010-4440-5682.00	(6,000)	Reduced capital needs
Landscape Maintenance				
General Fund	Water	010-4520-5428.01	(17,000)	Water
General Fund	Contract Services	010-4520-5520.00	(20,000)	Savings on contract services
Total Recommended General Fund Operational decreases			<u>(191,502)</u>	

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Project/Fund	Account	Account Number	Amendment	Reason
Non-Departmental				
General Fund	Other Charges	010-4190-5440.00	115,569	Unanticipated refund to State for sales taxes that belonged to another City
Total Recommended General Fund Sales Tax Refund increases			<u>115,569</u>	
City Manager				
Measure R Fund	Salaries and Benefits	018-4120-5101.00	3,074	Greater than anticipated project progress
Finance				
Measure R Fund	Salaries and Benefits	018-4150-5101.00	1,500	Greater than anticipated project progress
Public Works				
Measure R Fund	Salaries and Benefits	018-4505-5101.00	33,300	Greater than anticipated project progress
Street Improvement				
Measure R Fund	Chesebro Bridge	018-4640-6307.00	33,300	Greater than anticipated project progress
Measure R Fund	Agoura Road Widening	018-4640-6312.00	138,000	Greater than anticipated project progress
Non-Departmental				
Traffic Improvement Fund	Bad Debt Expense	110-4190-5850.00	105,316	Doubtful collection of TIF Fees on Project
City Manager				
Miscellaneous Grants Fund	Beverage Grant	260-4120-5510.41	1,300	More grant funds than anticipated
Miscellaneous Grants Fund	Oil Grant	260-4120-5510.4	913	More grant funds than anticipated
Los Angeles County Sheriff				
Miscellaneous Grants Fund	Special Events	260-4210-5520.52	52,000	More grants funds than anticipated
Redevelopment Agency				
RDA Debt Service Fund	Pass Thru to Other Agencies	390-4600-5520.90	248,000	Increased tax increment - larger pass thrus
Planning and Administration				
RDA Cap Projects Fund	Salaries and Benefits	400-4305-5101.00	900	More time spent in RDA
Public Works Admin				
RDA Cap Projects Fund	Salaries and Benefits	400-4305-5101.00	1,900	More time spent in RDA
City Attorney				
RDA Housing Set Aside	Contract Services	410-4140-5520.00	3,900	Attorney costs greater than anticipated
Finance				
RDA Housing Set Aside	Other Charges	410-4150-5440.00	2,000	Consultant time greater than anticipated
TRANSFERS				
General Fund	Transfer Out	010-4900-5900.00	325,000	Transfer to RDA greater than anticipated
RDA Debt Service Fund	Transfer In	390-0000-3961.00	40,000	Increment greater than anticipated
RDA Cap Projects Fund	Transfer Out	400-4900-5900.00	40,000	Increment greater than anticipated
RDA Debt Service Fund	Transfer Out	390-4600-5900.00	170,000	Increment greater than anticipated
RDA Cap Projects Fund	Transfer In	400-0000-3961.00	195,000	Increment greater than anticipated

**City of Agoura Hills
Agoura Hills Redevelopment Agency
Fiscal Year 2010/11 Budget Amendments
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Project/Fund	Account	Account Number	Amendment	Reason
RDA Housing Set Aside	Transfer In	410-0000-3961.00	91,000	Increment greater than anticipated