

REPORT TO CITY COUNCIL

DATE: FEBRUARY 26, 2014
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: GREG RAMIREZ, CITY MANAGER
BY: NATHAN HAMBURGER, ASSISTANT CITY MANAGER *h #*
CHRISTY PINUELAS, FINANCE DIRECTOR *CP*
SUBJECT: FISCAL YEAR 2013/14 MID-YEAR BUDGET REVIEW

As is customary at this time during each fiscal year, staff has completed a detailed review of the current fiscal year budget, and is bringing this report forward to the Finance Committee for review. Each of the items listed below is detailed in the attached "Recommended Mid-Year Adjustments" spreadsheet.

Economic Impacts: This year's budget projected a 10% increase in sales tax over 2012/13 levels. While the economy has steadily increased towards levels seen prior to the recession, decreased gasoline prices, lower restaurant receipts, and an overall flat economy have led to a smaller than anticipated increase to the City's sales tax revenues. Staff is recommending decreasing estimated sales tax from \$3,815,723 to \$3,665,723, a \$150,000 (4%) decrease to the sales tax projection. While still an increase over 2012/13, this brings the projection more accurately in line with the first two quarter's receipts.

Also, due to a more robust economy than originally forecast, increases in the following are being recommended: Property Tax in Lieu of VLF - \$63,000 (4%); Transient Occupancy Tax - \$70,000 (4%), Building Permits - \$30,000 (15%), and Building Plan Check - \$30,000 (30%).

State Impacts: The State eliminated Redevelopment Agencies effective February 1, 2012. Funds not needed for administration and debt service, on the former Redevelopment Agency, are now dispersed to all tax collecting agencies. Due to the fact that the City is a taxing entity within the former Redevelopment Agency boundaries, the General Fund anticipates receiving at least \$15,000 in additional property tax revenue.

County Impacts: In November, 2012, the Supreme Court of California ruled that the counties were improperly calculating the cost of administering property tax collection fees. The City anticipates receiving a refund of \$105,000 for fees paid in prior years. Staff is, therefore, recommending an adjustment to property taxes in the amount of \$105,000.

Summer Shuttle: The Summer Shuttle will be operated this summer to provide transportation to high school summer school at Calabasas High School. Staff is

requesting an appropriation of \$11,000, within the recreation budget, with an offsetting \$11,000 in revenues to be received in fares. This program is cost neutral, but requires an additional appropriation.

Expenditures: Staff is requesting an increase of \$15,000 for supplies to be used at Community Service Days. These supplies will be utilized for the betterment of the community. Staff is also requesting \$1,500 for meeting and conference costs for City Council. Additionally, the Law Enforcement Committee is requesting \$50,000 for a speed enforcement trailer. Staff had originally budgeted \$25,000 for a “stationary” system, but would need an additional appropriation of \$25,000 to cover the cost of the more practical law enforcement tool.

Staff budgeted for the installation of new software for the Finance, Community Development, Engineering, and Public Works Department. In order to receive the most efficiency from the software, an additional \$10,000 is being requested for an upgrade to the Geographic Information Systems software.

Transfer: Stormwater mandates require the City to install stormwater drain inserts throughout the City. In 2012/13, the City budgeted \$100,000 for inserts that was not utilized. Staff is now requesting that these monies be set-aside in the Stormwater Capital Projects Fund for use during 2013/14.

Proposition A: A request has been received to upgrade a signal for sight/hearing impaired assistance at Kanan and Thousand Oaks Boulevard. Staff is requesting an increase of \$12,000, in the Proposition A Fund, to pay for the upgrades.

With half of the fiscal year accounted for, the City’s General Fund is on target with its major revenues and expenditures. The special funds of the City are also within their budgets. The impacts of the mid-year budget reflect a small savings of \$1,500 to the General Fund.

The City of Agoura Hills has been fiscally ‘conservative and used prudent budgeting practices, which has allowed the City to have adequate reserves to absorb unanticipated costs. The City Council has a policy of maintaining a fund balance in the General Fund at 40% of operating expenses and transfers. At the end of 2012/13, the City’s reserve level was 74% of General Fund expenses and operating transfers. With the projected changes, the reserve level is anticipated to remain at the same level. Staff will continue to monitor economic activities on the federal and state level to insure that the City’s General Fund is adequate, no vital services are cut, and that the City remains fiscally stable.

RECOMMENDATION

It is recommended the City Council adopt the requested amendments to the 2013/14 Budget.

Attachment: Recommended Mid-Year Adjustments

City of Agoura Hills
Recommended mid-year adjustments
Mid-Year 2013/14

	Current Budget	Proposed Budget	Proposed Adjustment Inc/(Dec)	Subtotal Adjustment Inc/(Dec)
Adjustments General Fund				
Revenue - General Fund				
010-0000-3110.00 Sales and Use Tax	2,940,560	2,790,560	(150,000)	
010-0000-3120.01 Property Tax in Lieu of VLF	1,767,363	1,830,363	63,000	
010-0000-3130.00 Transient Occupancy Tax	1,880,000	1,950,000	70,000	
010-0000-3230.00 Building Permits	210,000	240,000	30,000	
010-0000-3422.00 Building Plan Check	100,000	135,000	35,000	
010-0000-3910.00 Miscellaneous Revenue	20,000	136,000	116,000	<u>164,000</u>
Expenditures - General Fund				
010-4110-5415 City Council. Travel, Conf. & Mtgs	15,000	16,500	1,500	
010-4190-5440.00 Non-Depart. Other Charges	21,000	36,000	15,000	
010-4210-5683.00 Sheriff Equipment	45,000	70,000	25,000	
010-4195-5683.00 Automated Office Systems Equip.	144,350	154,350	10,000	
010-4420-5440.GO Other charges - Teens	100	11,100	11,000	<u>62,500</u>
Transfers - General Fund/ Stormwater Capital Projects Fund				
010-4900-7010.00 Transfer out	672,000	772,000	100,000	<u>100,000</u>
		Net Adjustment		1,500
Proposition A				
060-4510-5520.13 Signal Maintenance	0	12,000	12,000	
Storm Water Capital Projects Fund				
016-0000-3961.00 Transfer in	0	100,000	(100,000)	