



## REPORT TO CITY COUNCIL

**DATE:** FEBRUARY 25, 2015

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** GREG RAMIREZ, CITY MANAGER 

**BY:** NATHAN HAMBURGER, ASSISTANT CITY MANAGER  
CHRISTY PINUELAS, FINANCE DIRECTOR 

**SUBJECT:** FISCAL YEAR 2014/15 MID-YEAR BUDGET REVIEW

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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 General Fund savings of \$47,287.

Prudent budgeting practices, and a fiscally conservative approach, have allowed the City to maintain adequate reserves. At the end of 2013/14, the City's reserve level was 67% of General Fund expenses and operating transfers. With the projected changes, the reserve level is anticipated to remain the same. 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.

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

**Economic Impacts:** This year's budget projected a 1% increase in sales tax over 2013/14 levels. Although service station revenues have declined, these are offset by increased restaurant receipts, and an improvement in building and construction. Staff is recommending increasing estimated sales tax from \$2,755,000 to \$2,845,000, a \$90,000 (4%) increase to the sales tax projection.

Also, due to a more robust economy than originally forecast, increases in the following are being recommended: Transient Occupancy Tax - \$50,000 (3%), Building Permits - \$114,000 (60%), Planning Fees \$96,000 (77%), Building Plan check - \$10,000 (8%), and Interest Earnings decrease \$30,000 (40%).

**State Impacts:** The State eliminated Redevelopment Agencies effective February 1, 2012. Because the City is a taxing entity within the former Redevelopment Agency (Successor Agency) boundaries, the original 2014/15 budget anticipated \$120,000 in property tax revenues from the dissolution of the Redevelopment Agency. However, these property tax revenues are now expected to be \$71,000, because the Successor

Agency repaid the Supplemental Educational Revenue Augmentation Fund (SERAF) loan in July, which was advanced from the Housing Successor Agency in May, 2011.

Offsetting this reduction is the sale of the Successor Agency property through an approved plan with the State. The proceeds will be dispersed to all tax-collecting agencies; The General Fund anticipates receiving approximately \$129,000 from the sale of the land. Staff is therefore recommending that this line item be increased to \$200,000.

**Grant Impacts:** Staff submitted a grant application for Maintenance & Servicing Excess Funds through the LA County Regional Park and Open Space District and received \$45,000 to offset maintenance costs at the YB Open Space. Staff is therefore recommending an adjustment to Miscellaneous Revenue.

**Expenditures:** Staff is requesting an increase of \$25,000 for contract services within the City Manager's Department. Furthermore, the Management Assistant position within the Public Works Department was replaced by an Administrative Analyst that reports to the City Manager's Department.

Additionally \$28,000 is requested for maintenance costs within the Public Facilities Division to pay for a repair to the HVAC system, miscellaneous repairs, as well as a facilities reserve study. Due to increased building inspections, and review of projects, the Building & Safety contract services line item is requested to be increased \$48,000. Finally, the contract with the Sheriff's division was under budgeted by half a position; staff is therefore requesting an additional \$73,695 to cover the cost.

**Transfers:** The new Recreation Center construction is concluding punch list completion. Staff is requesting an additional \$250,000 to pay for enhancements to the play area to match grant funds received, enhancements to the modular classrooms interior and exterior and additional site work beyond the scope of the General Contractor. Additionally \$8,000 is requested to pay for trustee costs associated with the 2013 Recreation Center Bonds.

**Recreation Center Capital Project Fund:** Various line items within the Recreation Center Capital Project Fund are requested to be adjusted. Although the project was completed on time, lag in the completion of certain stages, created the requested adjustment to the transfers and contract services line items for the costs that were not spent in 2013/14 and, therefore, need to be added to the 2014/15 Budget.

**Measure R Grant Fund:** Legal expenditures of the Agoura Road project have exceeded the original budget due to the complexity of property acquisitions. Staff is therefore requesting a \$90,000 increase to this line item.

**Annual Pavement Overlay:** This project, was originally budgeted in Fiscal Year 2013/14, but was completed in July of 2014/15 due to special design considerations identified during the field survey of Roadside Drive. Because of the unique nature of this particular overlay schedule straddling the two fiscal years, the survey work could not begin until June 2014, leaving no time for the project to be completed in the 2013/14 fiscal year. Additional design-time needed for Roadside Drive pushed the start of work

into the following fiscal year, therefore costs for the Park and Ride Maintenance and Overlay within the Proposition A (\$13,000); Proposition C (\$353,000) and Miscellaneous Grants Fund (\$225,000) are requested to increase for this fiscal year.

Finally, this year's Pavement Overlay Project included work on bus route streets, and, therefore, expenditures allow for staff time to be charged to the Proposition C Fund. Staff is recommending reducing salaries and benefits within the General Fund (\$69,853) and reallocating them to the Proposition C Fund.

**RECOMMENDATION**

It is recommended the City Council approve the requested amendments to the 2014/15 Budget.

Attachment: Recommended Mid-Year Adjustments

**City of Agoura Hills**  
**Recommended mid-year adjustments**  
**Mid-Year 2014/15**

	<b>Current Budget</b>	<b>Proposed Budget</b>	<b>Proposed Adjustment Inc/(Dec)</b>	<b>Subtotal Adjustment Inc/(Dec)</b>
<b>Adjustments General Fund</b>				
<b>Revenue - General Fund</b>				
010-0000-3110.00 Sales and Use Tax	2,755,000	2,845,000	90,000	
010-0000-3120.02 Property Tax - Succ. Agency	120,000	200,000	80,000	
010-0000-3130.00 Transient Occupancy Tax	2,050,000	2,100,000	50,000	
010-0000-3230.00 Building Permits	190,000	304,000	114,000	
010-0000-3410.00 Planning Fees	125,000	221,000	96,000	
010-0000-3422.00 Building Plan Check	125,000	135,000	10,000	
010-0000-3710.00 Interest Earnings	75,000	45,000	(30,000)	
010-0000-3910.00 Miscellaneous Revenue	20,000	65,000	45,000	<u>455,000</u>
<b>Expenditures - General Fund</b>				
010-4120-51xx.00 Salaries/Benefits City Manager	749,571	788,000	38,429	
010-4120-5510.00 Contract Services/City Manager	13,000	38,000	25,000	
010-4150-51xx.00 Salaries/Benefits Finance	279,724	253,224	(26,500)	
010-4180-5434.00 Maintenance/Public Facilities	15,000	43,000	28,000	
010-4210-5520.51 Traffic Enforcement	52,105	125,800	73,695	
010-4390-5520.00 Contract Services/Building & Saf	82,000	130,000	48,000	
010-4505-51xx.00 Salaries/Benefits Public Works	363,911	327,000	(36,911)	<u>149,713</u>
<b>Transfers - General Fund/ Recreation Center Capital Projects Fund/Debt Service Fund</b>				
010-4900-7000.00 Transfer Out- Recreation Center	200,000	450,000	250,000	
010-4900-7000.00 Transfer Out - Debt Service	672,000	680,000	8,000	<u>258,000</u>
		<b>Net Adjustment</b>		<b>47,287</b>

**City of Agoura Hills**  
**Recommended mid-year adjustments**  
**Mid-Year 2014/15**

	<b>Current Budget</b>	<b>Proposed Budget</b>	<b>Proposed Adjustment Inc/(Dec)</b>	<b>Subtotal Adjustment Inc/(Dec)</b>
<b>Revenue - Recreation Center Capital Project Fund</b>				
015-0000-3961.00 Transfer In - General Fund	200,000	450,000	250,000	
015-0000-3961.00 Transfer In - Misc. Grants	0	32,000	32,000	
015-0000-3961.00 Transfer In - Debt Service	0	697,279	697,279	<u>979,279</u>
<b>Expenditures - Recreation Center Capital Project Fund</b>				
015-4190-5520.00 Contract Services	2,300,000	6,100,000	3,800,000	<u>3,800,000</u>
		<b>Net Adjustment</b>		<b>(2,820,721)</b>
<b>Measure R Grant Fund</b>				
018-4140-6312.00 City Attorney/Agoura Rd.	60,000	150,000	90,000	
018-4505-51xx.00 Salaries/Benefits Public Works	330,059	285,000	(45,059)	<u>44,941</u>
<b>Proposition A</b>				
060-4520-5520.36 Park & Ride Lot Maintenance	7,000	20,000	13,000	<u>13,000</u>
<b>Proposition C</b>				
061-4120-51xx.00 Salaries/Benefits City Manager	0	21,000	21,000	
061-4150-51xx.00 Salaries/Benefits Finance	0	30,400	30,400	
061-4505-51xx.00 Salaries/Benefits Public Works	10,047	28,500	18,453	
061-4640-6305.00 Annual Overlay	0	353,000	353,000	<u>422,853</u>
<b>Miscellaneous Grants Fund</b>				
260-4640-6305.00 Annual Overlay	0	225,000	225,000	
260-4900-7000.00 Transfer Out - Recreation Center	0	32,000	32,000	<u>257,000</u>
<b>Agoura Hills Improvement Authority Debt Service Fund</b>				
305-0000-3961.00 Transfer In - General Fund	0	8,000	8,000	
305-4900-7000.00 Transfer Out - Recreation Center	0	697,279	697,279	<u>705,279</u>