

REPORT TO CITY COUNCIL

DATE: FEBRUARY 24, 2016
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: GREG RAMIREZ, CITY MANAGER *h2 For C.R.*
BY: CHRISTY PINUELAS, FINANCE DIRECTOR *CP*
SUBJECT: FISCAL YEAR 2015/16 MID-YEAR BUDGET REVIEW

The request before the City Council is to consider the amendments to the Fiscal Year 2015/16 City of Agoura Hills (City) budget, as shown in Exhibit A. The amendments have been presented to the Finance Committee and are recommended for consideration.

The mid-year adjustments recommended to the City of Agoura Hills budget reflect changes to several funds. Within the General Fund, staff is recommending a \$737,237 increase to Revenues and Transfers In, offset by a \$639,704 increase in Expenditures and Transfers Out. Previously \$150,000 was requested to cover El Nino related repairs, and \$45,000 was requested for a maintenance contract at the recreation center.

Original Budget Revenues	\$13,991,257
Original Budget Expenditures	-13,882,304
Recommended Adj. Revenue/Transfers	737,237
Addition of El Nino Preparation Costs	-150,000
Addition of Recreation Center Maintenance	-45,000
Recommended Adj. Expenditures/Transfers	-639,704
Recommended Net Income	\$11,486

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 2014/15, the City's reserve level was 73% of General Fund expenses and operating transfers. With the projected changes, the reserve level is anticipated to remain at the same level (73%). 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 is bringing this report forward to the City Council for review. Each of the items listed below is detailed in the attached "Recommended Mid-Year Adjustments" spreadsheet.

State Impacts: The City loaned monies to the former Redevelopment Agency for the completion of projects. Although ongoing legislation has made long-term repayment uncertain, the City received a payment for \$470,023 in Fiscal Year 2015/16. At the time the City adopted the 2015/16 budget, the amount was not included in our original budget. State law requires that the City set 20% of the repayment aside (\$94,004.60) for affordable housing. Therefore staff is requesting a net increase of \$376,018.40 to the City General Fund.

Offsetting this increase is a recommended decrease in property tax revenues received within the Redevelopment area. 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 2015/16 budget anticipated \$110,000 in property tax revenues from the dissolution of the Redevelopment Agency. However, these property tax revenues are now expected to only be \$40,000.

The net impact of the adjustments above is a \$306,018 net increase to the General Fund.

Staff is recommending an increase of \$6,400 in State Mandated cost reimbursements. Although the State is required to reimburse for certain required procedures, the timing of the reimbursement is not known. Therefore, this amount was not included in the original budget.

Furthermore, due to declining fuel prices, the Gas Tax monies received by the City are anticipated to decline by \$60,000. This results in a decrease in the Gas Tax Fund and the necessity to pay for some of our landscaping charges along the streets and parks to be paid by the General Fund.

Grant Impacts: Staff submitted a grant application for Maintenance & Servicing Excess Funds through the LA County Regional Park and Open Space District and received \$21,000 to offset maintenance costs at the YB Open Space. Staff is therefore recommending an adjustment to Miscellaneous Revenue.

Sale of Old Recreation Center Building: The City sold the old Recreation Center located on Thousand Oaks Boulevard for \$25,000. The sale was not anticipated at the time the 2015/16 budget was prepared.

Transfers In: Beginning in fiscal year 2000/01, the City made several transfers from the General Fund to the Traffic Improvement Fee Fund, totaling \$3,000,000. The transfers were to contribute to planned capital improvement projects related to traffic. The City received other outside funding sources to pay for the projects, and in fiscal year 2004/05, the monies were transferred back to the General Fund. However, no interest was credited to the General Fund. Staff recently reviewed the transaction, and using the historic LAIF rate, the amount to transfer back to the General Fund is calculated at \$290,814. Staff is recommending that the monies be transferred from the Traffic Improvement Fund to the General Fund.

Expenditures: Staff is requesting an increase of \$10,000 for the scanning of permanent records. Other charges, within the Finance Department, are requested to be increased \$10,000, due to unanticipated raises in banking services charges.

Additionally \$22,250 is requested for maintenance costs within the Public Facilities Division, to pay for a repair to the HVAC system, as well as painting and concrete repair at the civic center. Due to ADA compliance needs, concrete ramps and railings must be added to the Recreation Center. These costs can be primarily met by reallocating monies between special supplies and water; however, an additional \$20,000 is requested to be added to fully cover the cost of the project. Furthermore, part-time salary costs within the recreation budget are requested to be increased \$20,000, with an offsetting decrease to regular salaries due to a shift in staffing during several unexpected absences.

Within the Public Works department, Professional Services is recommended to be increased \$35,000 to cover the Arterial Streetscape Master Plan. The original budget included \$40,000, but with the proposed scope, the cost is anticipated to be \$75,000. Furthermore, the Public Works Contract Services for Burns Construction, General Engineering, and GIS Services are greater than anticipated. Staff is requesting an increase of \$15,450 to cover the remaining expenses for the year. And finally, plan check and inspections are requested to increase \$15,000, to cover SCE plan checks during the big pole replacement project within the City.

Medea Creek Repair: Staff is requesting that \$350,000 be added to the General Fund Street Improvements division to cover unanticipated costs associated with the Medea Creek Repair Project. The majority of the costs are for the Baker water tank hauling, and environmental work as a result of artifact findings. Additional environmental related costs regarding groundwater issues, soil problems, extra demolition and hauling costs are also factored into the request.

Staff has applied for additional grant funds from Proposition 84 and other sources to cover the costs. If these funds are received, the General Fund will be reimbursed.

Recreation Center Capital Project Fund: A \$25,000 grant from LA County Open Spaces was received to reimburse the City for costs associated with the Recreation Center. This grant was anticipated to be received in Fiscal Year 2014/15, but was actually received this fiscal year.

Traffic Improvement Fund: Staff is requesting that \$75,000 be added to the budget to cover repairs related to the Reyes Adobe Interchange. Furthermore \$350,000 is requested to cover costs associated with the Agoura Road Widening. Finally, staff is requesting \$300,000 for a request from Southern California Edison to cover costs related to the Kanan Road Interchange.

Community Development Block Grant: When the budget was prepared staff anticipated that the Community Center Senior Patio would be completed in Fiscal Year 2014/15. Due to unexpected delays, the project was not completed until this year. Therefore, a request is being made to increase both revenues and expenditures in the Community Development Block Grant Fund.

Miscellaneous Grants Fund: The city has received a California Beverage Container Grant in the amount of \$5,709.

RECOMMENDATION

Staff respectfully recommends the City Council adopt the proposed amendments to the Fiscal Year 2014/15 Budget for the amounts shown in Exhibit A.

Attachments: Exhibit A

Exhibit A

City of Agoura Hills
Recommended mid-year adjustments
Mid-Year 2015/16

		Current Budget	Proposed Budget	Proposed Adjustment Inc/(Dec)	Subtotal Adjustment Inc/(Dec)
Adjustments General Fund					
Revenue - General Fund					
010-0000-312002	Property Tax - Succ Agency	110,000	40,000	(70,000)	
010-0000-331200	State Mandated Cost	0	6,400	6,400	
010-0000-391000	Miscellaneous Revenue	20,000	60,000	40,000	
010-0000-395200	Loan Repayment - Succ Agency	0	470,023	470,023	
010-0000-3961	Transfers In -Traffic Improvement	0	290,814	290,814	
					<u>737,237</u>
Expenditures - General Fund					
010-4125-544000	City Clerk - Other Charges	12,000	22,000	10,000	
010-4150-544000	Finance - Other Charges	16,000	26,000	10,000	
010-4180-543000	Public Facilities - Maint. Bldg.	78,000	98,250	20,250	
010-4180-5430.00	Public Facilities - Maint. Equip	30,000	40,000	10,000	
010-4520-552000	Lands. Maint. - Contract Chrgs	40,000	100,000	60,000	
010-4426-542400	Rec Center - Special Supplies	85,000	30,000	(55,000)	
010-4426-542801	Rec Center- Water	45,000	30,000	(15,000)	
010-4426-568200	Rec Center - Other Improvement	6,500	96,500	90,000	
010-4420-510200	Recreation - Part Time Salaries	91,500	111,500	20,000	
010-4440-510100	Comm Services - Reg Salaries	609,367	589,367	(20,000)	
010-4505-551000	Public Works - Prof. Services	40,000	75,000	35,000	
010-4505-552000	Public Works - Contract Services	84,550	100,000	15,450	
010-4505-552002	Public Works - Plan Check	50,000	65,000	15,000	
010-4610-631300	Street Impr. - Medea Creek Rpr	0	350,000	350,000	
					<u>545,700</u>
Transfers - General Fund/Housing Successor Agency Fund					
010-4900-7000	Transfers Out - Housing Succ.	0	94,004	94,004	
					<u>94,004</u>
Net Adjustment					97,533

City of Agoura Hills
Recommended mid-year adjustments
Mid-Year 2015/16

		<u>Current Budget</u>	<u>Proposed Budget</u>	<u>Proposed Adjustment Inc/(Dec)</u>	<u>Subtotal Adjustment Inc/(Dec)</u>
Revenue - Recreation Center Capital Project Fund					
015-0000-334500	Miscellaneous Grants	0	25,000	25,000	<u>25,000</u>
Revenue - Gas Tax Fund					
020-0000-332600	State Gas Tax Section 2106	73,679	66,134	(7,545)	
020-0000-332700	State Gas Tax Section 2107	183,657	174,504	(9,153)	
020-0000-332800	State Gas Tax Section 7360	105,933	96,844	(9,089)	
020-0000-332500	State Gas Tax Section 2015	133,615	125,808	(7,807)	<u>(33,594)</u>
Expense - Gas Tax Fund					
020-4520-552000	Lands. Maint. - Contract Chrgs	123,300	63,300	(60,000)	<u>(60,000)</u>
Expense - Traffic Improvement Fund					
110-4640-630200	Reyes Adobe Interchange	0	75,000	75,000	
110-4640-631200	Agoura Road Widening	0	350,000	350,000	
110-4640-630800	Kanan Road Interchange	0	300,000	300,000	
110-4900-700000	Transfers Out - General Fund	0	290,814	290,814	<u>1,015,814</u>
Revenue - Community Development Block Grant					
250-0000-334000	CDBG	63,000	177,000	114,000	<u>114,000</u>
Expense - Community Development Block Grant					
250-4610-600800	Community Center - Sr. Patio	0	62,000	62,000	<u>62,000</u>
Miscellaneous Grants Fund					
260-0000-334502	Ca Bev Container Grant	0	5,709	5,709	<u>5,709</u>
Housing Successor Agency					
620-0000-396100	Transfer In - General Fund	0	94,004	94,004	<u>94,004</u>