


REPORT TO CITY COUNCIL

DATE: NOVEMBER 13, 2019
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: GREG RAMIREZ, CITY MANAGER 
BY: CHRISTY PINUELAS, DIRECTOR OF FINANCE
SUBJECT: ADOPT AMENDMENTS TO FISCAL YEAR 2018/19 CITY OF AGOURA HILLS BUDGET

The request before the City Council is to consider the amendments to the Fiscal Year 2018/19 City of Agoura Hills (City) budget, as shown on Exhibit 'A'. The recommended amendments have been reviewed by the Finance Committee and are recommended for consideration.

General Fund

During Fiscal Year 2018/19 the City experienced a devastating fire, which required the evacuation of the entire community, and resulted in the loss of several residences. Soon thereafter, record-breaking rainfall and flooding occurred in the community. Exclusive of staff time, the City spent \$105,582 on the Woolsey Fire, \$617,550 on flooding and an additional \$150,000 on the repair of private roadways. To date, the City has received approximately \$54,000 in reimbursements from FEMA, although more reimbursements are being sought. Additionally, the City contributed \$800,000 to preserve Triangle Ranch as open space. With these expenditures, the City used \$1,267,583 of reserves.

The City has a balanced budget policy, which states that within the General Fund operating revenues must fully cover operating expenditures, including debt service. Under this policy it is allowable for total expenditures to exceed revenues in a given year; however, in this situation beginning fund balance can only be used to fund capital improvement plan projects, or other "one-time", nonrecurring expenditures, and ending fund balance must meet the minimum policy levels of 40%, as defined by the City Council.

Unaudited General Fund revenues, including the loan repayment from the Successor Agency, are 101% of the amended budget:

	Unaudited Actual	Amended Budget
General Fund Revenues		
Total Revenues	\$16,609,823	\$16,400,178
Less fire related	(54,207)	(20,000)
Net Operational Revenues	\$16,555,616	\$16,380,178

Fiscal Year 2018/19 amended General Fund budget for expenditures and transfers is shown as follows:

General Fund Expenditures	Unaudited Actual	Amended Budget
Total Expenditures & Transfers	\$17,877,406	\$17,541,303
Less fire related	(105,853)	(110,000)
Less flood related	(617,549)	(425,000)
Less overlay of private streets	(150,000)	(175,000)
Less contribution for Triangle Ranch	(800,000)	(800,000)
Net Operational Expenditures	\$16,204,004	\$16,031,303

The above graphs show that the City met the balanced budget policy by having operational revenues greater than operational expenditures (\$16,555,616 - \$16,204,004). The use of reserves for fire, flood, overlay, and a contribution for Triangle Ranch, were all a one-time use of funds. The reserve level will be discussed later in this report.

In reviewing operational revenues, the following can be noted: Transient Occupancy Taxes came in slightly under budget (5% or \$137,858) because original projections assumed the new hotels would open in the spring of 2019. However, this was offset by a one-time boost in Sales and Use Tax (\$230,500). The Sales and Use Tax boost was due to the timing of receipts during a conversion of the State sales tax collection software. Additionally, Interest Earnings were greater than anticipated (\$30,272) and Miscellaneous Revenues were up (\$78,774). The increase in Miscellaneous Revenues is primarily due to unanticipated grant revenues received from FEMA (\$34,207 greater than anticipated) and LA Open Space (\$28,000).

Total General Fund Expenditures & Transfers were over budget by 2% or \$336,103. The majority of the overage relates to unanticipated flood related costs (\$193,000 greater than budgeted). Additionally, Public Works went over budget by \$158,200 for contract services. The remaining details are shown in Exhibit "A".

The net General Fund use of reserves was \$1,267,583, or 7% of the budget. Reserve levels are projected to be at 52% of operating expenses and transfers for Fiscal Year 2018/19. However, it is important to note that the reserves are broken into two components. The cash portion is \$6.9 million, or 38% of operating expenses, and the remainder consists of a long-term receivable between the City and METRO for the Agoura Road Widening Project. The City will continue to need the reserves to serve as a temporary funding source for new projects and anticipates that the receivables could be approximately \$6 million during the year. The recommended budget is balanced and in compliance with the Balanced Budget Policy. This means operating revenues cover operating expenditures, including debt service, and the ending fund balance meets the minimum policy level as defined by City Council resolution.

The City utilizes a departmental budget process, breaking out various functions of operations to allow for a transparent budget for the community to see and understand. Excluding the one-time expenses for fire, flood and contribution purposes, operational expenses were over budget in Fiscal Year 2018/19 by \$172,701. Various departments within the General Fund exceeded budgeted appropriations, as explained in Exhibit 'A'. These costs were offset by savings in other departments. The departmental increases are summarized below:

City Council

The costs budgeted for the City Council exceeded budget by \$7,900 (6%), primarily due to a larger than anticipated reorganization event and training costs for new Councilmembers.

City Attorney

The costs for the City Attorney contract exceeded budget by \$10,500 (4%). This was due to unanticipated litigation.

Non-Departmental

Unforeseen litigation costs related to personnel issues resulted in a \$18,800 additional cost in this budget.

Community Development

This budget was impacted by unanticipated legal services, particularly on one case. This resulted in an additional \$85,000 (8%) in costs.

Building and Safety

Plan check services were greater than anticipated by \$51,000. This was offset by increased building and safety revenues of \$67,421.

Park Maintenance

Unanticipated maintenance at Forest Cove Park resulted in an overage of \$33,000 (6%) within this budget.

Public Works Administration

Costs for Public Works Administration exceeded their budget by \$371,200 or 32%. This relates, primarily, to additional needs for flood costs (\$193,000) than anticipated, and additional contract services (\$158,200). The additional contract services costs can be explained as follows: a traffic study on Kanan (\$47,000); a State lobbyist (\$25,000); Oak tree work within the median (\$24,000) and additional costs for the Bina case.

Traffic Safety

This budget includes amounts for accident repairs. The estimate was lower than the actual expenditures by \$10,800. The City seeks reimbursement for these costs.

Landscape Maintenance

Due to the heavy rains this year, the City had additional costs for weed abatement. Therefore, an additional \$28,600 is being requested within this budget.

Proposition C Fund

The City received Proposition C monies from the County to offset costs of the Palo Comado Interchange Project. These monies were spent and reimbursed twice during the fiscal year, resulting in an increased expenditure within this budget of \$525,100.

RECOMMENDATION

Staff respectfully recommends the City Council adopt the proposed amendments to the Fiscal Year 2018/19 Budget for the amounts shown in Exhibit 'A'.

Attachment: Exhibit 'A'

City of Agoura Hills
Fiscal Year 2018/19 Budget Amendments
Exhibit 'A'

Project/Fund	Account	Account Number	Amendment	Reason
REVENUES				
General Fund	Sales and Use Tax	010-0000-311000	230,500	Catch up due to State software conversion
General Fund	Transient Occupancy Tax	010-0000-313000	(137,858)	New hotels opening later than anticipated
General Fund	Property Tax	010-0000-312000	7,957	Conservative budgeting for property tax
General Fund	Miscellaneous Revenues	010-0000-391000	78,774	Unanticipated grant revenues (FEMA and LAOSD)
General Fund	Interest Earnings	010-0000-371000	<u>30,272</u>	Conservative budgeting for interest
			<u>209,645</u>	
EXPENSES				
City Council				
General Fund	Travel/meetings/outreach	010-4110-541500	7,900	Unanticipated costs
City Attorney				
General Fund	Contract Services	010-4140-552000	10,500	Additional services needed
Non-Departmental				
General Fund	Professional Services	010-4190-551000	18,800	Unanticipated legal services
Community Development				
General Fund	Contract Services	010-4305-552000	85,000	Unanticipated legal costs
Building & Safety				
General Fund	Contract Services	010-4390-552000	51,000	Additional plan check services
Park Maintenance				
General Fund	Contract Services	010-4450-552000	33,000	Additional contract services
Public Works				
General Fund	Regular Salaries	010-4505-510100	20,000	Less time allocated to projects than anticipated
General Fund	Contract Services	010-4505-551000	158,200	Unanticipated legal and traffic studies
General Fund	Special Projects	010-4505-552003	193,000	Flood costs greater than anticipated
Traffic Safety				
General Fund	Accident Repairs	010-4510-552014	10,800	Unanticipated costs
Landscape Maintenance				
General Fund	Contract Services	010-4520-552000	28,600	Additional contract services
Total General Fund Recommended Expense Increases			<u>616,800</u>	
Total General Fund Recommended Increase			<u>\$ 407,155</u>	
Public Facilities				
General Fund	Other Improvements	010-4180-568200	(18,500)	Savings on project
Automated Office Systems				
General Fund	Capital Outlay	010-4195-568300	(23,900)	Savings on project
Los Angeles County Sheriff				
General Fund	Other Services	010-4210-552058	(25,000)	Savings for special services
Emergency Services				
General Fund	Communications	010-4215-542700	(3,100)	Equipment not purchased
General Fund	Training	010-4215-541700	(4,100)	Less attendees than anticipated
Recreation Center				
General Fund	Other Improvements	010-4426-568200	(70,000)	Savings on services
General Fund	Contract Services	010-4426-552000	(8,000)	Savings on services
Reyes Adobe				
General Fund	Maintenance Buildings/Grounds	010-4425-543000	(19,000)	Less maintenance than anticipated
Recreation Center				
General Fund	Part-time Salaries	010-4426-510200	(20,000)	Less salaries than anticipated
General Fund	Utilities	010-4426-542800	(12,000)	Savings on SCE and SoCalGas

City of Agoura Hills
 Fiscal Year 2018/19 Budget Amendments
 Exhibit 'A'

Project/Fund	Account	Account Number	Amendment	Reason
General Fund	Other Improvements	010-4426-568200	(34,000)	Timing of improvements
General Fund	Equipment	010-4426-568300	(4,500)	Less equipment than budgeted
Stormwater & Flood Control				
General Fund	Storm drain maintenance	010-4525-552041	(26,000)	Contract savings
Total General Fund Recommended Expense Decreases			<u><u>(268,100)</u></u>	
Various Departments			<u>(12,597)</u>	
Net Increase General Fund			<u><u>\$ 126,458</u></u>	

**City of Agoura Hills
Fiscal Year 2018/19 Budget Amendments
Exhibit 'A'**

Project/Fund	Account	Account Number	Amendment	Reason
Recreation Center Capital Projects Fund				
Rec Center Cap Pro Fund	Contract Services	015-4610-552000	2,400	Costs greater than originally budgeted
Proposition C Fund				
Proposition C Fund	Street Improvements	061-4640-630500	525,100	Costs for Palo Comado Project
Measure M Local Return				
Measure M Local Return	Personnel	064-4505-510100	2,700	Costs greater than originally budgeted
Measure M Local Return	Street Repairs and Maintenance	064-4510-552020	2,800	Costs greater than originally budgeted
Traffic Improvement				
Traffic Improvement Fund	Traffic Signal	110-4640-631900	21,000	Costs greater than originally budgeted
Agoura Hills Authority Bond				
Agoura Hills Authrity Bond	Administrative Charges	305-4180-580000	1,800	Contract costs greater than budgeted
Inclusionary Housing In Lieu				
Incl Housing In Lieu	Contract Services	420-4305-552000	16,000	Costs for acquisition of land