

## REPORT TO CITY COUNCIL

**DATE: FEBRUARY 9, 2005**

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

**FROM: GREG RAMIREZ, CITY MANAGER**

**BY: JIM THORSEN, ASSISTANT CITY MANAGER  
GEORGETTE HOLT, FINANCE OFFICER**

**SUBJECT: FY2004-05 MID-YEAR BUDGET REPORT**

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On January 24, 2005, the Finance Committee met and discussed the mid-year budget. The Finance Committee reviewed all of the information and provided direction to the City Manager on each of the requests so that a final mid-year report can be presented to City Council tonight.

The Finance Committee made the following mid-year budget recommendations:

**Include in FY2004-05 mid-year budget appropriations**

- Revenue/Expenditures as detailed in this report
- VLF Gap Program

**Do not include in FY2004-05 mid-year budget appropriations**

- Ladyface Specific Plan
- Live Television broadcasting
- Webcasting

**No Position**

- Soka University property acquisition

The following information was reviewed and discussed by the Finance Committee and is submitted herein to bring the entire City Council up-to-date on the City's fiscal condition midway through FY2004-05. The three main topics for discussion are: (1) Revenue/Expenditures, (2) Potential new budget items, and (3) City Council requested items to be reviewed at mid-year.

**Revenue/Expenditures**

With a few minor exceptions, the City's revenue and expenditure projections are tracking well and are within the budget adopted by the City Council. As shown below, an increase in revenue (\$1,555,200) is being requested for three accounts (Bike Lane, Kanan Interchange, and Rental Income from the County parking agreement). Similarly, expenses are requested to be increased (\$351,419.38) in four accounts. The Sumac Park shade structure is a result of a request from the Fountainwood HOA and is recommended as a minor new project. Additionally, it was requested that the City increase our funding for the Juvenile Intervention Program so that this program can be expanded into the 8<sup>th</sup> grade classes of our local schools.

### Revenue

1. Increase acct. #260-0000-3345.00 – Bike Lane Grant FY2004-05 Omnibus (\$250,000). Received notice of grant in July of 2004.
2. Increase acct. #110-0000-3334.00 – Kanan Interchange Project (\$1,300,000). Received matching funds from MTA due to JH Snyder and City improvements.
3. Increase acct. #010-0000-3721.00 – Medea Creek Rental Agreement (\$5,200). New account receivables for subleasing the parking area along Agoura Road.

### Expenditures

1. Increase acct. #260-4640-6206 – Bike Lane Grant FY2004-05 Omnibus by \$250,000. This money is to be added to existing funds to allow construction of the project.
2. Increase acct. #010-4620-6107 – Sumac Shade Structure (\$20,000). Request from the Fountainwood HOA to construct shade structure at Sumac Park.
3. Increase acct. #300-4180-5510.00 – Arbitrage rebate (\$66,259.38). Excess interest earned on bond.
4. Increase acct. #010-4190-5520.00 – Medea Creek Rental Agreement (\$11,160) 1-Year rent.
5. Increase acct. #010-4210-5520.54 – LA County Sheriff Juvenile Intervention Program (\$4,000) - add 8<sup>th</sup> grade classes to program.
6. Increase acct. #010-4190-5510.09 – “Spotlight for the Arts” (\$750)

Mid-year General Fund revenue and expenditure reports have been attached. While some of the individual revenue accounts appear low at the mid-year point, several accounts are received either quarterly (i.e., transient occupancy tax) or once a year (i.e., franchise fees are generally received in April/May).

- ***The Finance Committee supported the revisions noted above and recommended inclusion of the adjustments into the FY2004-05 budget.***

### Potential new budget items

VLF Gap Loan Program: This program allows the City to receive advance funding on the money we have loaned the State out of our VLF funds. By participating in this program, we can receive a one-time disbursement of approximately \$371,000. The State is required by law to reimburse all cities during the FY2006-07. The advantage of the program is we will have immediate cash and we will not be dependant upon the State to reimburse us. If the State does not reimburse the bond company, the City will not have any obligation to return these funds. The disadvantage is that we will receive only 90% of our VLF loan amount

- ***The Finance Committee supported the VLF Gap Loan Program and recommended inclusion of the adjustments into the FY2004-05 budget.***

Soka University property acquisition: The National Parks Service (NPS) has requested the City contribute \$250,000 toward the purchase of the 588-acre property owned by Soka University. The purchase would allow the property to be preserved in its current state. The County of Los Angeles would match the amount contributed by the City. If the City Council recommends assisting the NPS with this purchase, staff is recommending that \$100,000 earmarked for open space in the current fiscal year be utilized. Furthermore, it is recommended that the additional \$150,000 be secured from general fund reserves or from the VLF Gap Loan Program mentioned above.

- *The Finance Committee was neutral on the potential acquisition of Soka University property and therefore it is requested that this item be discussed by the entire City Council before a recommendation is made.*

**City Council requested items to be reviewed at mid-year**

1) Ladyface Specific Plan (LSP): It was requested that this item be brought forward at mid-year to discuss the possibility of adding this project into the budget. Staff has determined that an update to the LSP and the associated EIR will cost approximately \$220,000. Due to limited staff availability to oversee this project and the possibility of funding Soka University property acquisition, the Finance Committee requests that this project be placed on hold.

2) Live TV Broadcasting: Estimated start up costs to broadcast council meetings, planning commission meetings, special events, and provide continuous programming is estimated at \$30,000. In addition, there will be annual operational costs of approximately \$50,000. The operational costs are mainly attributed to needing two part-time assistants to run equipment and produce continuous information to be shown during non-meeting hours. Staff is still researching equipment and operational usages. Therefore, the Finance Committee requests that this project be placed on hold indefinitely until staff has completed the City governmental channel obligations.

3) Webcasting: The estimated start-up costs to produce simultaneous webcasting (web streaming video) is \$25,000 plus an annual operational cost of \$12,000. Due to limited staff availability, the Finance Committee requests that this project be placed for City Council consideration during the budgeting process for FY2005-06.

- *The Finance Committee recommended that the above three items should not be included into the FY2004-05 budget.*

**RECOMMENDATION**

It is respectfully recommended that the City Council:

- 1) Approve the Revenue/Expenditure changes outlined in this report be included into the FY2004-05 budget.
- 2) Approve Resolution No. 05-1361 and the VLF Gap Closure funding program into the FY2004-05 budget.
- 3) Discuss and provide a recommendation on the SOKA University property acquisition.
- 4) Recommend the Ladyface Specific Plan, Live TV Broadcasting, and Webcasting not be included into the FY2004-05 budget.

- Attachments
- 1) Revenues and Expenditures
  - 2) Arbitrage Rebate
  - 3) VLF Gap Loan Information
  - 4) Soka University Information
  - 5) Ladyface Specific Plan