

REPORT TO THE CITY COUNCIL

DATE: APRIL 13, 2005

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

SUBJECT: FY 2005-06 BUDGET GOALS/PRIORITIES

At this time, staff is requesting input from the City Council on those projects/programs you collectively foresee as appropriate for the upcoming operating budget. Attached (Attachment D) we have provided a list of ideas (no order) submitted by the Council. Based upon your direction, we will then be prepared to discuss those items in greater detail when we bring back the draft budget for review. Your input is vital to the final budget preparation and will act as our guide throughout the year as competing interests arise.

Moreover, staff wanted to take this opportunity to review a handful of items with the Council as we initiate this process, these items include:

1. General Fund Reserves
2. Recreation Center Reserve
3. Investment Alternatives
4. City Fee Analysis (Attachment A)
5. Projected Staff Workload for FY 05-06
6. State Grant Requests
7. Community Services – Steps Out of the Box in FY 05-06 (Attachment B)
8. Draft - Five Year Forecast (Attachment C)

General Fund Reserves

Several Councilmembers have expressed a desire to spend down a portion of the City's General Fund Reserve, which has grown over the last several years. Those familiar with the City's history can probably remember that Agoura Hills has not always been so healthy fiscally; in fact, in the early to mid 90's the City had nearly zero reserves. That is not the case any longer and is the basis for opening this item for discussion. The caveat being Council never spends "reserves" on operational (ongoing) expenditures. Instead, staff recommends reserves be spent on "one time" expenses; for example, a lone increase to the City's street overlay program. Also, do not spend reserves all at one time, instead plan to utilize the surplus of funds on a long term basis.

Staff also recommends Council keep in mind the numerous capital needs the City has when considering this issue. Future projects include but are not limited to an improved Reyes Adobe Interchange, new Recreation Center, and the ultimate build-out of Agoura

Road between Ladyface Court and Kanan Road. Furthermore, staff is recommending the Council consider establishing a formal policy setting a “baseline” or minimum level of General Fund Reserves.

Recreation Center Reserve

The Recreation Center has been located on Thousand Oaks Boulevard (St. Paul Lutheran Church site) since 1989. The City has four years remaining on the lease with an Option (City) of five years, allowing us to function effectively at the current site for another nine years.

At this time, staff is recommending Council consider setting aside \$4 million of existing General Fund Reserves for a new Recreation Center building. We would then continue to add to this fund over the next several years in order to secure sufficient money to construct a center prior to lease expiration.

Investment Strategy

Several Councilmembers have inquired about the possibility of investing reserves in opportunities that yield the City a higher return, but are within the City’s conservative investment policy. In past years, much like the situation of spending down reserves, staff has been apprehensive to “lock-up” any amount of reserves in investments not highly liquid until after the US 101/Kanan Interchange has been bid.

However, at this time, with the assistance of the “earmark” by Congressman Waxman of \$5 million in the TEA 21 Reauthorization bill, staff is much more comfortable with such a consideration. With your concurrence, staff will meet with the Finance committee and outline an investment strategy (investment opportunities normally require immediate action in order to take advantage of rates) so that we will be prepared to act when an opportunity arises. Council will be made aware of any and all adjustments to the City investment portfolio, as well as ratify any decisions made by the Finance committee.

Fee Analysis

Another item staff would like Council to consider during this process is a City fee analysis of Building and Safety, Engineering, and Planning entitlement fees. The City has not modified our schedule of rates since 1993. Our fee system is for cost recovery only, designed to recuperate costs to process applications for development and/or construction. The cost of a comprehensive fee study would be approximately \$40,000 and would most likely be recouped within the first year of the new rates taking effect. Among other things, Attachment A provides a barometer on how we compare to other agencies.

Projected Staff Workload for FY 05-06

Next year is already shaping up to be an active year in regards to projects and workload in Agoura Hills. Following is a list of projects staff anticipates to be started, continued or completed in Fiscal Year 05-06:

Planning and Development:

1. Sixty-Five Active Planning Projects
2. Agoura Village Specific Plan and EIR
3. General Plan Update
4. Mansion-ization and Trails Analysis – Old Agoura
5. Temporary Use Permit Ordinance Amendment
6. Open Space Acquisition

Public Works:

1. US 101/Kanan Interchange
2. Signal Synchronization Project
3. Morrison Park Courts/Restroom
4. Water Quality Compliance
5. Reyes Adobe Interchange
6. Traffic Safety Enhancements
7. Annual Overlay
8. Annual Sidewalk Repair
9. Annual Tree Trimming

Community Services:

1. Hallmark Event – Annual Reyes Adobe Days
2. Recreation/Senior Program Expansion
3. Historical Reyes Adobe (Operations)
4. Community Bulletin Board – Educational/Governmental Cable Channel
5. Continued Development of Disaster Response Team

Though this certainly does not include everything we do on a day-to-day operational level, we consider the above a base level of what will consume staff's time unless otherwise directed by Council. We also recommend Council keep in mind two potential increases in expenditure of significance: (1) law enforcement (6-12%), and (2) obligation to meet increasing Storm Water Quality regulations (NPDES), an estimation of \$60,000.

State Grant Requests

City staff is looking to receive Council direction on two new potential grant opportunities that are offered through the California State Parks Department. One grant would be to fund all of the ultimate improvements at Morrison Park and the other grant would be to design and construct equestrian trails in Old Agoura. Both of these grants need to be submitted by the May 2nd deadline and will require a minimum of 50% local matching funds. It is estimated that we would submit a request in the amount of \$250-\$300 for

each of the grants. This would potentially require the City to fund the same amount for each grant if we were successful. As the time is short for the application period, it is recommended City Council provide direction to proceed on both, one, or neither of the grants.

Five-Year Forecast

Per Council direction, please find attached a draft Five Year Forecast (Attachment C). This forecast is designed to give the Council and community a perspective on the future financial outlook of the City. Staff intends to update and include this document in all future budgets.

RECOMMENDATION

It is respectively recommended the City Council provide staff direction as to their priorities for the upcoming fiscal year considering the information above.

Attachments

- (A) City Fee Analysis
- (B) Community Services – Steps Out of the Box in FY 05-06
- (C) Draft Five Year Forecast
- (D) City Council Project List