

REPORT TO CITY COUNCIL

DATE: MARCH 27, 2024

TO: HONORABLE MAYOR AND MEMENBERS OF THE CITY COUNCIL

FROM: NATHAN HAMBURGER, CITY MANAGER

BY: J. DIEGO IBANEZ, DIRECTOR OF FINANCE

SUBJECT: MIDYEAR BUDGET UPDATE AND RECOMMENDATIONS TO ADOPT RESOLUTION NO. 24-2059 AMENDING THE FISCAL YEAR 2023-24 BUDGET

The request before the City Council is to consider the amendments to the Fiscal Year 2023-24 City of Agoura Hills (City) Budget, as shown in Exhibit 'A'.

Although the budget is formally adopted at a point-in-time, it remains an evolving planning document that is amended throughout the year. Amendments are necessary to recognize changes to revenue streams, the regulatory environment, and the broader economic outlook. These factors are balanced against policy decisions made by City Council, shifting needs of departments to meet community needs, and unforeseen items that arise after the budget is adopted.

Overall, the proposed changes are modest and reflective of a local economy that remains stable, despite some local economic changes in the last year. The business and construction sector has seen a downward trend due to lower home sales. The Business and Industry category saw a major drop this year. The restaurant sector in the City, while thriving post-COVID statewide, has had three restaurant closures in the last year. Staff continues to recognize the need to maximize available taxpayer resources, while striving to provide the best customer service possible.

Staff has reviewed current data and has made projections through June 2024. The recommendation is to increase revenues by \$410,480 and expenditures by \$410,480. The table below reflects the overall recommendations, as shown in the attached Exhibit "A".

General Fund	Current 2023/24	Recommended 2023/24	Difference
Revenues	\$20,563,499	\$20,973,979	\$410,480
Expenditures/Transfers	20,432,408	20,842,888	410,480
Operating Net Income/(Loss)	131,091	131,091	0

As shown in the above table, the General Fund recommended adjustments bring the General Fund to a continued balanced budget for the Fiscal Year 2023-24.

The majority of the City revenues are on track with the budget estimates, but staff is aware of some revenue streams that could underperform as we close out the year. For mid-year, Staff has reviewed the revenue streams and at this point would like to make an adjustment to Property Tax of \$181,097 and the Miscellaneous Revenue stream of \$294,383.

The reason for the positive adjustment in the property tax stream is because the City is due to meet or exceed its forecasted amount this fiscal year based on home sales from last year. The adjustment in miscellaneous revenue is due the City receiving several reimbursements from Federal Emergency Management Agency (FEMA) for storm expenditures from previous years; those funds can now be appropriated to other operating expenditures of the General Fund.

The recommended requests to adjust the budget address impacts that have arisen during the 2023-24 Fiscal Year. City staff is requesting the following adjustments:

An adjustment total of \$265,000 is being requested in the Community Development Department. Six thousand of the total is for planning commissioners to attend a conference this fiscal year. The remaining adjustment of \$259,000 is for Professional Services/Legal Services for additional costs due to ongoing legal enforcement cases.

The Building and Safety Division is requesting an additional \$25,000 for a consultant, as it deals with a current staff vacancy this fiscal year.

The Facilities Department is seeking an additional \$10,000 to cover utility costs for City Hall; the price of utilities has increased in recent years and due to very uncertain weather conditions, staff has had to rely on utilities more than in previous years.

Finance staff is requesting the City Council approve the first interest payment for the 2024 Series A bonds in the amount of \$78,451.04 and the amount of \$20,027.38 for the 2024 Series B refunding bonds. The total amount is \$98,478.42.

Lastly, Community Services lost their sponsorship for Concert in the Park banners this year and is requesting \$12,000 in printing adjustments.

The City Council has a Balanced Budget Policy which states that the City's operating budget in the General Fund is allowed to have total expenditures exceed revenues in a given year for "one-time", non-recurring expenditures. Furthermore, ending fund balance must meet the minimum policy levels as defined by Council Resolution No. 05-1378.

The City Council reserve policy states that the City Council and staff will endeavor to designate an amount equal to or greater than forty (40%) percent of each year's proposed General Fund Operating Budget as the City's unobligated General Fund Reserve. On June 30, 2023, the percentage was 68% of operating expenditures and transfers.

General Fund	Actual Fiscal Year 2022-23
Ending fund Balance	\$13,563,529
Operating Expenses and Transfers	\$19,446,491
Percentage	70%

It is important to note that these reserves are not all cash. Currently, some funds are being utilized to front the money for outstanding grants.

As part of the budget adoption, staff recommended quarterly budget reviews. Due to the timing of the City's revenue and expenses, this timeframe has provided a snapshot of the first six months of the 2023-24 Fiscal Year.

FISCAL IMPACT

Finance staff will make the budget adjustments increasing the forecasted revenues in Miscellaneous Revenues and Property Tax to accommodate the requested expenditure increases and keep the Fiscal Year 2023-24 Budget balanced.

RECOMMENDATION

Staff respectfully recommends the City Council approve the recommendations to amend the Fiscal Year 2023-24 Budget.

Attachment: Resolution No. 24-2059, including Exhibit A – Recommended Budget Adjustments

RESOLUTION NO. 24-2059

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, AMENDING THE ADOPTED BUDGET FOR FISCAL YEAR 2023-2024 ADOPTED ON JUNE 28, 2023

WHEREAS, the City Council has received and considered the proposed adjustment to the budget for Fiscal Year 2023-2024, commencing July 1, 2023, and ending June 30, 2024; and

WHEREAS, the purpose of the mid-year adjustment is to update the community on the financial condition of the City and recommend adjustments to the City's Budget that have been identified subsequent to budget adoption; and

WHEREAS, the City Council has determined that it is necessary to adjust the expenditures and revenues of the current City budget; and

WHEREAS, an annual budget for the City of Agoura Hills for the Fiscal Year beginning July 1, 2023 and ending June 30, 2024, a copy of which is on file in the City's Finance's Office, and has been adopted on June 28, 2023.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AGOURA HILLS DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The City Council hereby amends the adopted Budget to adjust the expenditures and revenues as provided in Exhibit "A", attached hereto.

Section 2. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the Office of the City Clerk

PASSED, APPROVED, AND ADOPTED this 27th day of March 2024, by the following vote to wit:

AYES: (
NOES: (
ABSTAIN: (
ABSENT: (
)

Ilece Buckley Weber, Mayor

ATTEST:

Kimberly M. Rodrigues, City Clerk

City of Agoura Hills
Recommended Adjustments
Fiscal Year 2023-24
Exhibit A

		Current Budget	Proposed Budget	Proposed Increases Adjustment	Subtotal Adjustment
Revenue - General Fund					
010-0000-312000	Property Tax	\$ 3,615,675	\$ 181,097	\$ 3,796,772	\$ 181,097
010-0000-212001	Property Tax in Lieu of VLF	\$ 2,857,597	\$ -	\$ 2,857,597	\$ -
010-0000-314000	Franchise Fees	\$ 880,000	\$ -	\$ 880,000	\$ -
010-0000-315000	Property Transfer Tax	\$ 170,000	\$ -	\$ 170,000	\$ -
010-0000-323000	Building Permits	\$ 350,000	\$ -	\$ 350,000	\$ -
010-0000-342200	Building Plan Check	\$ 275,000	\$ -	\$ 275,000	\$ -
010-0000-3720XX	Rental Income - Facilities	\$ 420,000	\$ -	\$ 420,000	\$ -
010-0000-371000	Interest Earnings	\$ 300,000	\$ -	\$ 300,000	\$ -
010-0000-391000	Miscellaneous Revenue	\$ 65,000	\$ 229,383	\$ 294,383	\$ 229,383
					<u>\$ 410,480</u>
Expenditures					
Community Development					
010-4305-541500	Travel/Conference/Meetings	\$ 8,245	\$ 6,000	\$ 14,245	\$ 6,000
010-4305-551000	Professional Services	\$ 110,000	\$ 259,000	\$ 369,000	\$ 259,000
Building and Safety					
010-4390-552000	Contract Services	\$ 50,000	\$ 25,000	\$ 75,000	\$ 25,000
Facilities					
010-4180-542800	Utilities	\$ 145,000	\$ 10,000	\$ 155,000	\$ 10,000
Debt Schedule					
010-XXXX-XXXXXX	2024A Bond Issuance	\$ -	\$ 78,452	\$ 78,452	\$ 78,452
Community Services					
010-4430-542300	Printing	\$ 26,400	\$ 12,000	\$ 38,400	\$ 12,000
					<u>\$ 410,480</u>