

REPORT TO CITY COUNCIL

DATE: OCTOBER 23, 2024
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: NATHAN HAMBURGER, CITY MANAGER
BY: DIEGO IBANEZ, DIRECTOR OF FINANCE
BRENDA CHO, FINANCE MANAGER
SUBJECT: ADOPT AMENDMENTS TO THE CITY OF AGOURA HILLS 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 on Exhibits A, B, and C. The Finance Subcommittee has reviewed the recommended adjustments.

Unaudited Net Operational General Fund revenues for the FY 2023-24 indicate a decline of 5.71% or \$1.2M from adopted revenues:

General Fund Revenues	Unaudited Actual	Amended Budget
Total Revenues	\$19,774,982	\$20,973,979

Fiscal Year 2023-24 amended the General Fund budget for expenditures and transfers is shown as follows:

General Fund Expenditures	Unaudited Actual	Amended Budget
Total Expenditures & Transfers	\$19,502,506	\$20,972,789
Net Income (Deficit)	\$272,476	\$1,190

In reviewing operational revenues, it appears that many of the assumptions that went into planning the forecasts relied on a robust economy and indicators of strong growth. What transpired over the last budget cycle, was inflation, high interest rates, a possible economic recession, and other macro events that affected the City's local economy, for example California's Assembly Bill 1228, increased the minimum wage for fast food workers in several of the City's restaurants. Staff has also provided an adjustment request for revenues that keep the budget in balance, but show a more accurate account receipt.

The City's expenditures for Fiscal Year 2023-24 continued to grow, but with careful planning and review, staff managed to keep expenditures within budgeted parameters. When staff needed additional funds, they reviewed their department for possible budget adjustments in other areas

of their departmental budget to continue to maintain departmental operations. The total amount of Expenditures and Transfers above include approved transfers of \$1,179,692 that the City is obligated to make, such as the City's Housing Successor Agency, the Agoura Hills Improvement Authority Bond, and the CalPers Set Aside Fund.

Staff has highlighted some of the Fiscal Year's activities below and a justification of request for adjustments.

Taxes and Assessments

Sales Taxes and some assessments were lower than expected due to shifting consumer behavior. Many consumers were more conscious of spending as nationwide gas prices increased, food prices soared, and inflation affected disposable income.

Sales tax was down 11% than was forecasted and the City had several restaurant and furniture closures during Fiscal Year 2023-24.

Property Taxes also decreased as high mortgage rates affected the sale of any homes and any updated property tax valuation.

Business License

Business license revenue was above budgeted levels but there was an overall decline from previous years.

Investment Income

The City continued to receive more than the forecasted amount of Investment Income due to high interest rates in the City's investment portfolio. The City received 280% more than anticipated and staff is aware of a possible decrease due to recent interest rate cuts by the federal reserve.

The revenue analysis provided to the City Council for the Mid-Cycle 2024-25 Budget Year, takes a more conservative approach to financial planning and updates the financial assumptions for the current Fiscal 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 is compliant with 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. Various departments within the General Fund exceeded budgeted appropriations, as explained in Exhibit A. These costs were offset by savings in other departments. The major departmental increases are summarized below, and adjustments this year are requested at the personnel and operations level.

City Manager

The recommended adjustment to the City Manager's Budget is due to a reclassification of salaries from the timing of a grant project that was anticipated with an earlier start date. The requested adjustment is \$62,400.

City Attorney

The recommended adjustment for the City Attorney Budget of \$231,727 is due to unanticipated litigation costs. This department has two accounts, and staff is requesting a reduction in the account with fund availability. The net change in this department is \$38,600.

Emergency Incident

During the Fiscal Year there was an unexpected salary expense related to reimbursements that was not budgeted, this adjustment request of \$2,751 seeks to make an appropriation in this account.

Recreation Center

The recommended adjustment to the Recreation Budget is due to a reclassification of salaries from the timing of Metro/Ladyface grant projects that were anticipated with an earlier start date as well as year-end adjustments. The department also encountered several unbudgeted costs. The requested amount is \$61,182.

Community Services

The recommended adjustment to the Community Services Budget is due to a reclassification of salaries from the timing of Metro/Ladyface grant projects that was anticipated with an earlier start date, as well as year-end adjustments. The department also encountered several unbudgeted costs. The requested amount is \$48,374.

Parks Maintenance

The Parks Maintenance Department encountered several unbudgeted incidents. The requested amount is \$22,056.

Public Works

When the Fiscal Year 2023-24 Budget was approved, it was anticipated that Public Works staff would be spending a greater amount of time on grant related projects, which are reimbursable. However, the grant projects, primarily the Ladyface Greenway Project, were delayed, and so their salaries and associated costs are included within the General Fund. The overall adjustment request is \$212,495.

Special Funds

Staff has also provided the City Council with FY 2023-24 Budget adjustments for the City's Special Funds. The Special Funds have been adjusted for salary, work performed and other expenditures. Some of these funds might be in a deficit, but it is due to project timing or pending reimbursements.

Fiscal Impact

The City has a Balanced Budget Policy, which states that 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 planned projects, or other "one-time", nonrecurring expenditures. Furthermore, the fund balance must meet the minimum Policy levels of 40%, as defined by the City Council.

As highlighted at the beginning of the report, the City has an unaudited actual net income of \$272,476. As staff closes out this Fiscal Year and the City is in the middle of mid-cycle Budget, staff would like to take a cautious approach to utilizing these funds.

There are big macro events still taking place such as, world-wide unrest, determination of interest rate cuts, mixed messages of inflation and unemployment that can influence future project plans and the next biennial budget process.

Staff does recommend the following transfers:

Transfers	
011 Capital Projects Fund	(\$ 72,476)
012 Facilities Fund	(\$100,000)
030 CAL PERS SET ASIDE FUND	(\$ 89,550)
<hr/>	<hr/>
Total Transfers of	(\$262,026)

Staff recommends the remaining \$10,450 stay in the fund balance of the General Fund.

RECOMMENDATION

Staff respectfully recommends the City Council approve:

- 1) The proposed transfers from the General Fund
- 2) The proposed amendments to the Fiscal Year 2023-24 Budget for the amounts shown in Exhibit A.
- 3) The proposed amendments to the Fiscal Year 2023-24 Special Funds Budget for the amounts shown in Exhibit B.
- 4) The proposed amendments to the Fiscal Year 2023-24 Revenue Adjustments for the amounts shown in Exhibit C.

Attachments: Exhibits A, B, and C

**City of Agoura Hills
Fiscal Year 2023-24 Budget Amendments
Exhibit "A"**

		Current Budget	Proposed Budget	Proposed Adjustment Adjustment Inc/(Dec)	Subtotal Adjustment
Expenses to be Increased					
City Manager 4120					
<i>General Fund</i>					
Car Allowance	010-4120-510401	\$ 12,000	\$ 13,900	\$ 1,900.00	
Tech Allowance	010-4120-510402	\$ 7,560	\$ 8,499	\$ 939.00	
Vacation/Sick	010-4120-510500	\$ 41,242	\$ 68,747	\$ 27,505.00	
Deferred Compensation	010-4120-510600	\$ 33,076	\$ 35,323	\$ 2,247.00	
Retirement	010-4120-510700	\$ 262,777	\$ 277,725	\$ 14,948.00	
Group Health Insurance	010-4120-510800	\$ 178,948	\$ 179,888	\$ 940.00	
Group Life Insurance	010-4120-511000	\$ 2,010	\$ 2,150	\$ 140.00	
Medicare Taxes	010-4120-511200	\$ 16,404	\$ 16,942	\$ 538.00	
Personnel Amount to be Increased				\$	49,157.00
Travel/Conference/Meeting	010-4120-541500	\$ 7,300	\$ 9,940	\$ 2,640.00	
Special Supplies	010-4120-542400	\$ 500	\$ 927	\$ 427.00	
Contract Services	010-4120-552000	\$ 10,000	\$ 20,176	\$ 10,176.00	
Operations Amount to be Increased				\$	13,243.00
City Manager Amount to be Increased					\$ 62,400
City Attorney 4140					
<i>General Fund</i>					
Contract Services	010-4140-552000	\$ 50,000.00	\$ 281,727.00	\$ 231,727.00	
City Attorney Amount to be Increased					\$ 231,727
Emergency Incident 4219					
<i>General Fund</i>					
Professional Services	010-4219-551000	\$ -	\$ 2,751.00		
Emergency Incident Amount to be Increased					\$ 2,751
Rec Center 4426					
<i>General Fund</i>					
Part-Time Salaries	010-4426-510200	\$ 105,944	\$ 109,374	\$ 3,430	
Group Health Insurance	010-4426-510800	\$ -	\$ 6,172	\$ 6,172	
Group Dental Insurance	010-4426-510900	\$ -	\$ 221	\$ 221	
Medicare Taxes	010-4426-51112	\$ 1,500	\$ 1,583	\$ 83	
Personnel Amount to be Increased				\$	9,906
Communications	010-4426-542700	\$ 10,000	\$ 11,830	\$ 1,830	
Utilities	010-4426-542800	\$ 80,000	\$ 82,013	\$ 2,013	
Maintenance Bldg./Grounds	010-4426-543000	\$ 187,000	\$ 234,433	\$ 47,433	
Operations Amount to be Increased				\$	51,276
Rec Center Amount to be Increased					\$ 61,182
Community Services 4440					
<i>General Fund</i>					
Regular Salaries	010-4440-510100	\$ 794,380	\$ 805,149	\$ 10,769	
Part-Time Salaries	010-4440-510200	\$ 60,782	\$ 63,755	\$ 2,973	
Technology Allowance	010-4440-5104402	\$ 7,450	\$ 7,493	\$ 43	
Vacation/Sick	010-4440-510500	\$ 22,372	\$ 23,377	\$ 1,005	
Retirement	010-4440-510700	\$ 197,048	\$ 197,384	\$ 336	
Group Health Insurance	010-4440-510800	\$ 147,594	\$ 176,252	\$ 28,658	
Group Dental Insurance	010-4440-510900	\$ 8,454	\$ 8,852	\$ 398	
Group Life Insurance	010-4440-511000	\$ 1,826	\$ 2,031	\$ 205	
Group Disability Insurance	010-4440-511100	\$ 8,985	\$ 9,554	\$ 569	
Medicare Taxes	010-4440-511200	\$ 12,005	\$ 13,356	\$ 1,351	
Personnel Amount to be Increased				\$	46,305
Office Supplies	010-4440-542000	\$ 5,000	\$ 6,218	\$ 1,218	
Rents & Leases	010-4440-542900	\$ 7,000	\$ 7,851	\$ 851	
Operations Amount to be Increased				\$	2,069
Community Services Amount to be Increased					\$ 48,374

City of Agoura Hills
Fiscal Year 2023/24 Budget Amendments
Exhibit "A"

Parks Maintenance 4450

<i>General Fund</i>					
Special Supplies - Comm Servic	010-4450-5424H0	\$ 54,500	\$ 56,986	\$	2,486
Water	010-4450-542801	\$ 65,000	\$ 65,200	\$	200
Maintenance Buildings/grounds	010-4450-543000	\$ 50,000	\$ 62,162	\$	12,162
Contract Services	010-4450-552000	\$ 369,000	\$ 376,208	\$	7,208
Parks Maintenance Amount to be Increased					\$ 22,056

Public Works - 4505

<i>General Fund</i>					
Regular Salaries	010-4505-510100	\$ 362,568	\$ 456,406	\$	93,838
Vacation/Sick	010-4505-510500	\$ 6,122	\$ 15,380	\$	9,258
Deferred Compensation	010-4505-510600	\$ 15,670	\$ 16,363	\$	693
Retirement	010-4505-510700	\$ 103,892	\$ 125,099	\$	21,207
Group Health Insurance	010-4505-510800	\$ 77,234	\$ 101,412	\$	24,178
Group Dental Insurance	010-4505-510900	\$ 2,596	\$ 6,379	\$	3,783
Group Life Insurance	010-4505-511000	\$ 813	\$ 1,185	\$	372
Group Disability Insurance	010-4505-511100	\$ 3,877	\$ 5,464	\$	1,587
Medicare Taxes	010-4505-511200	\$ 5,417	\$ 6,966	\$	1,549
Personnel Amount to be Increased					\$ 156,465
Special Projects	010-4505-5520	\$ 50,000	\$ 106,030	\$	56,030
Operations Amount to be Increased					\$ 56,030

Public Works Amount to be Increased \$ 212,495

Personnel Requests \$ 261,833

Operations Request \$ 379,152

Total General Fund Increases \$ 640,985

City of Agoura Hills
Fiscal Year 2023/24 Budget Amendments
Exhibit "A"

		Current Budget	Proposed Budget	Proposed Adjustment Inc/(Dec)	Subtotal Adjustment
Expenses to be Decreased					
City Attorney 4140					
<i>General Fund</i>					
Professional Services	010-4140-551000	\$ 350,000.00	\$ 156,873.00	\$ (193,127.00)	
Amount to Be Decreased					\$ (193,127)
Automated Office 4195					
<i>General Fund</i>					
Contract Services	010-4195-552000	\$ 601,785.82	\$ 281,768.00	(\$320,017.82)	
Recommended Amount to Be Decreased					\$ (186,025)
General Fund - 510XX Requests					
Regular Salaries	010-4150-510100	\$ 396,988	\$ 331,838	\$ (65,150.47)	
Part Time Salaries	010-4150-510200	\$ 9,474	\$ -	\$ (9,474.00)	
Technology Allowance	010-4150-510402	\$ 4,685	\$ 4,045	\$ (640.00)	
Vacation/sick	010-4150-510500	\$ 17,000	\$ 11,418	\$ (5,581.86)	
Deferred Compensation	010-4150-510600	\$ 13,246	\$ 12,517	\$ (728.54)	
Retirement	010-4150-510700	\$ 69,316	\$ 52,077	\$ (17,239.18)	
Group Health Insurance	010-4150-510800	\$ 79,852	\$ 63,437	\$ (16,415.13)	
Group Dental Insurance	010-4150-510900	\$ 5,254	\$ 3,104	\$ (2,149.81)	
Regular Salaries	010-4121-510100	\$ 119,912	\$ 93,292	\$ (26,620.32)	
Car Allowance	010-4121-510401	\$ 2,400	\$ 700	\$ (1,700.00)	
Technology Allowance	010-4121-510402	\$ 1,500	\$ 438	\$ (1,062.50)	
Deferred Compensation	010-4121-510600	\$ 2,730	\$ 1,990	\$ (739.54)	
Retirement	010-4121-510700	\$ 14,950	\$ 8,089	\$ (6,861.40)	
Group Health Insurance	010-4121-510800	\$ 14,042	\$ 8,617	\$ (5,425.49)	
Group Dental Insurance	010-4121-510900	\$ 832	\$ 500	\$ (331.90)	
Group Life Insurance	010-4121-511000	\$ 277	\$ 203	\$ (73.84)	
Group Disability Insurance	010-4121-511100	\$ 1,367	\$ 964	\$ (403.31)	
Medicare Taxes	010-4121-511200	\$ 1,792	\$ 1,422	\$ (370.25)	
Regular Salaries	010-4305-510100	\$ 785,178	\$ 765,598	\$ (19,579.60)	
Part-time Salaries	010-4305-510200	\$ 69,341	\$ 58,333	\$ (11,008.38)	
Special Pay	010-4305-510400	\$ 9,000	\$ 1,600	\$ (7,400.00)	
Technology Allowance	010-4305-510402	\$ 4,560	\$ 4,475	\$ (85.00)	
Deferred Compensation	010-4305-510600	\$ 19,501	\$ 19,233	\$ (267.74)	
Retirement	010-4305-510700	\$ 135,133	\$ 128,797	\$ (6,336.15)	
Medicare Taxes	010-4305-511200	\$ 12,641	\$ 12,444	\$ (197.01)	
Part - Time Salaries	010-4420-510200	\$ 52,200	\$ 1,794	\$ (50,406.18)	
Part - Time Salaries	010-4420-5102A0	\$ 3,600	\$ 171	\$ (3,429.46)	
Part - Time Salaries	010-4420-5102B0	\$ 18,300	\$ 5,606	\$ (2,155.45)	
					\$ (261,832.51)
Personnel Requests					\$ (261,833)
Operations Request					\$ (379,152)
Total General Fund Decreases					\$ (640,984)

THIS PAGE INTENTIONALLY LEFT BLANK.

**City of Agoura Hills
Recommended Adjustments
Fiscal Year 2023-24
Exhibit "B"**

		Current Budget	Proposed Budget	Proposed Adjustment Inc/(Dec)	Subtotal Adjustment Inc/(Dec)
Adjustments to Facilities Fund					
Expenditures - Facilities Fund					
012-4180-568200	Other Improvements	-	22,975	22,975	<u>22,975</u>
Adjustments to Rec Center Capital Project Fund					
Expenditures - Facilities Fund					
015-4610-601500	Trails	-	24,935	24,935	<u>24,935</u>
Adjustments to CalPers Set Aside Fund					
Expenditures - CalPers Set Aside Fund					
030-4190-510800	CEPPT	-	100,000	100,000	<u>100,000</u>
Adjustments to South Coast AQMD Fund					
Expenditures - South Coast AQMD Fund					
070-4190-568400	Vehicles	70,000	-	(70,000)	<u>(70,000)</u>
Adjustments to CDBG Fund					
Revenues - CDBG Fund					
250-0000-334000	CDBG	250,000	15,780	(234,220)	<u>(234,220)</u>
Expenditures - CDBG Fund					
250-4610-600700	Accessibility Improvements	226,000	3,029	(222,971)	<u>(222,971)</u>
Adjustments to Miscellaneous Grants Fund					
Revenues - Miscellaneous Grants Fund					
260-0000-334501	TDA	15,000	26,856	11,856	
260-0000-334506	Used Oil Grant	-	5,000	5,000	
260-0000-334517	STPL	-	5,174	5,174	<u>22,030</u>
Expenditures - Miscellaneous Grants Fund					
260-4120-551040	Oil Grant	-	5,000	5,000	
260-4640-630100	Annual Sidewalk Repairs	15,000	26,856	11,856	
260-4640-630500	Annual Overlay	142,500	-	(142,500)	<u>(125,644)</u>
Adjustments to Improvement Authority Bond Fund					
Revenues - Improvement Authority Bond Fund					
305-0000-371000	Interest earnings	-	90,960	90,960	
305-0000-391200	Debt Proceeds	-	14,900,000	14,900,000	
305-0000-391300	Bond Premium	-	99,345	99,345	<u>15,090,305</u>

**City of Agoura Hills
Recommended Adjustments
Fiscal Year 2023-24
Exhibit "B"**

		<u>Current Budget</u>	<u>Proposed Budget</u>	<u>Proposed Adjustment Inc/(Dec)</u>	<u>Subtotal Adjustment Inc/(Dec)</u>
Expenditures - Improvement Authority Bond Fund					
305-4180-570100	Debt Service - Principal	385,000	400,000	15,000	
305-4180-570200	Debt Service - Interest Paid	520,000	604,000	84,000	
305-4180-570400	Cost Of Issuance	-	287,999	287,999	
305-4180-570401	Refund Bond Costs	-	2,951,154	2,951,154	
					<u>3,338,153</u>

Adjustments to Proposition A Fund

Expenditures - Proposition A Fund					
060-4440-510100	Regular Salaries	93,385	65,307	(28,078)	
060-4520-552037	Bus Stop Maintenance	15,000	11,000	(4,000)	
060-4530-552080	Dial A Ride	460,300	313,550	(146,750)	
					<u>(178,828)</u>

Adjustments to Proposition C Fund

Expenditures - Proposition C Fund					
061-4505-510100	Regular Salaries	65,247	39,376	(25,871)	
061-4510-551000	Contract Services	250,000	115,000	(135,000)	
061-4510-552013	Signal maintenance	115,000	60,000	(55,000)	
					<u>(215,871)</u>

Adjustments to Measure R Fund (Local Return)

Expenditures - Measure R Fund					
063-4640-631000	Sidewalk Repairs	63,100	51,000	(12,100)	
					<u>(12,100)</u>

**City of Agoura Hills
Recommended Adjustments
Fiscal Year 2023-24
Exhibit "C"**

		Current Budget	Proposed Budget	Proposed Adjustment Inc/(Dec)	Subtotal Adjustment Inc/(Dec)
Adjustments to General Fund					
Revenues - General Fund Decreases					
010-0000-311000	Sales And Use Tax	5,588,689.00	5,037,139	(551,550)	
010-0000-312000	Property Tax	3,796,772.00	3,615,772	(181,000)	
010-0000-313001	TOT-S/T Rental	91,980.00	26,980	(65,000)	
010-0000-3510A0	Classes	199,350.00	81,350	(118,000)	
010-0000-3510B0	Excursions	22,950.00	2,950	(20,000)	
010-0000-3510C0	Camps	76,800.00	8,800	(68,000)	
010-0000-3510F0	Sports	50,900.00	1,400	(49,500)	
					(1,053,050)
Revenues - General Fund Increases					
010-0000-312001	Property Tax In Lieu Of Vlf	2,857,597.00	2,874,147	16,550	
010-0000-312002	Property Tax - Succ. Agcy.	125,000.00	232,000	107,000	
010-0000-314000	Franchise Fee	880,000.00	926,000	46,000	
010-0000-323000	Building Permits	350,000.00	373,000	23,000	
010-0000-324000	Industrial Waste Fee	30,000.00	40,000	10,000	
010-0000-371000	Interest Earnings	300,000.00	840,000	540,000	
010-0000-372000	Rental Income	40,000.00	62,500	22,500	
010-0000-3720d0	Rental Income - Facilities	420,000.00	493,000	73,000	
010-0000-391000	Miscellaneous Revenue	294,383.00	486,383	192,000	
010-0000-395002	Library Reimbursements	30,000.00	53,000	23,000	
					1,053,050