

REPORT TO CITY COUNCIL AND REDEVELOPMENT AGENCY

DATE: OCTOBER 7, 2008

TO: HONORABLE MAYOR/CHAIR AND MEMBERS OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

FROM: GREG RAMIREZ, CITY MANAGER/EXECUTIVE DIRECTOR

BY: CHRISTY PINUELAS, DIRECTOR OF FINANCE

SUBJECT: APPROVE AMENDMENTS TO FISCAL YEAR 2007-08 CITY OF AGOURA HILLS AND AGOURA HILLS REDEVELOPMENT AGENCY BUDGETS AND CARRY FORWARD ITEMS IN THE AGOURA HILLS REDEVELOPMENT AGENCY BUDGET FROM FISCAL YEAR 2007-08 TO FISCAL YEAR 2008-09 PER EXHIBIT ‘A’

The request before the City Council and Redevelopment Agency is to consider amending the Fiscal Year 2007-08 City of Agoura Hills and Agoura Hills Redevelopment Agency budgets and to carry forward items in the Redevelopment Agency budget from Fiscal Year 2007-08 to Fiscal Year 2008-09 as shown on Exhibit ‘A’.

At fiscal year end, several adjustments are needed to the Fiscal Year 2007-08 budget. In previous years, the budget-to-actual expenditures were discussed as part of the review of the audited financial statements. However, with new accounting standards, these amendments are being brought before the City Council and Redevelopment Agency as a part of the closing process.

The City’s efforts to continue its sound fiscal management practice led to the majority of the City’s total operational expenditures to come within the budgeted amounts. However, due to the City’s ability to complete tasks related to several large capital improvement projects, earlier than originally anticipated, certain funds exceeded their total appropriations limit and need to be reviewed in consideration of amending their budgets.

General Fund

The General Fund is the primary fund of the City. It is in this fund that the most discretionary monies are received. After carrying forward several operational items from 2007-08 to 2008-09, the amended budget for the General Fund for Fiscal Year 2007-08 is shown below:

General Fund	Unaudited Actual	Amended Budget	(Over)/Under Budget
Operational Expenses	\$11,870,014	\$11,935,861	\$ 65,847
Transfers	3,457,318	568,744	(2,888,574)
Total	\$15,372,332	\$12,504,605	(\$2,822,727)

While the operational expenses came within budget, an amendment is recommended to the transfer portion of the General Fund budget. The explanation for this amendment, and several other recommended budgets, are discussed in further detail below.

Kanan Interchange

The Kanan Interchange Project was constructed with the knowledge that federal fund reimbursements would be anticipated to be received by the City over a longer period of time as funds were budgeted at the federal level in various allotments over approximately a five-year period. Although the City has completed the construction phase of this project, the City is not able to receive reimbursement for the full amount of the federal funds, as not all of the funds are available in the current federal budget cycle. At the end of 2007, the City identified approximately \$2.8 million from the Miscellaneous Grants Fund as the amount of funds that would be received in future years from the federal allotments assigned to this project. At this time, it is recommended that the loan be restated and that \$2,888,575 be transferred from the General Fund to the Miscellaneous Grants Fund in order to accurately reflect the updated fund balances in the City's annual financial statements. When the Federal Government fulfills the appropriation reimbursements and the City receives the \$2.8 million, the funds will be paid to the General Fund.

After this transfer the General Fund will have an unaudited fund balance of \$9.4 million or 78% of expenses and operating transfers.

Final expenses were paid out in Fiscal Year 2007-08 to pay for the Kanan Interchange. These expenses were paid from the Traffic Improvement Fund, which is comprised of specific developer fees. While it was originally anticipated that these expenses would be paid in Fiscal Year 2008-09, staff was able to review the final change orders and pay these expenses sooner than anticipated. Although, the entire project's expenditures remain under the approved budget, staff is requesting an increase in appropriations for the Fiscal Year 2007-08 budget of \$320,000, to cover these final expenses, because they exceeded the total appropriations available in the Traffic Improvement Fund for that specific budget year.

Signal Synchronization

In 2007-08 the Signal Synchronization Project progressed faster than originally anticipated, which led to an additional \$29,950 expended sooner than expected. An increase of \$29,950 is recommended to the Miscellaneous Grants budget to pay for this expense. This expense will be covered by grants received from the County of Los Angeles.

Vehicles

Utilizing South Coast Air Quality Management District (SCAQMD) Funds, the City purchased several vehicles during Fiscal Year 2007-08. The cost of these vehicles exceeded the authorized appropriations by \$2,490. Staff recommends adjusting the budget to cover the cost of these vehicles. These additional costs are paid for with SCAQMD Grant Funds.

Recreation Excursions

The City receives Proposition A Funds for various transportation costs and planned recreation excursions. Staff estimates how many buses will be needed for each trip, however, this year, the teen programs exceeded staff's expectations. Because the majority of these expenses took place in June, staff was unable to anticipate the increase during the mid-year process. Staff is requesting an additional appropriation of \$8,600 to cover the expenses for teen program transportation services. These expenses are paid for with grants received from Proposition A.

Redevelopment Agency Pass-Throughs

Each year the Redevelopment Agency (RDA) receives Tax Increment to fund projects and pay for housing projects. A portion of all Tax Increment must be passed through to various agencies who do not participate in the Redevelopment Agency projects. Pass-through amounts are based on a percentage of the Tax Increment to be received. Based on our consultants' recommendation, staff anticipated receiving \$3.9 million in tax increment. However, this year, several large properties sold within the Redevelopment Agency. This sale, along with rising property taxes on other properties, resulted in tax increment of approximately \$5.2 million. The result is that the Agoura Hills Redevelopment Agency passed through more tax increment than anticipated. Therefore, staff is recommending an adjustment to the Fiscal Year 2007-08 budget of \$699,115 to pay for these pass-throughs. Furthermore, since all of the revenue is received into the RDA Debt Service Fund, the remaining tax increment needed to be transferred to the Capital Projects Funds, and Housing Set-Aside Funds should be increased by \$558,560. On the attached exhibit, these transfers are broken down between transfers in/out and actual expense line-items.

Redevelopment Agency Canwood Land Purchase

It was originally anticipated that the Canwood purchase of \$4.1 million in land would be completed by the end of Fiscal Year 2007-08. However, the transaction did not actually take place until Fiscal Year 2008-09. Staff is recommending that the funds to purchase this land be carried forward from Fiscal Year 2007-08 to Fiscal Year 2008-09.

Each of these recommendations adjust the Fiscal Year 2007-08 budget to reflect the actual activities. Both the City and the Redevelopment Agency remain healthy. Staff will present the actual financial statements for Fiscal Year 2007-08 at a later meeting.

RECOMMENDATION

Staff respectfully recommends the City Council and Redevelopment Agency move to amend the Fiscal Year 2007-08 Budget and carry forward from Fiscal Year 2007-08 to Fiscal Year 2008-09 Budget the amounts as shown in Exhibit "A".

Attachments: Exhibit 'A'

City of Agoura Hills
Agoura Hills Redevelopment Agency
Fiscal Year 2007/08 Budget Amendments and Carryforward amounts
Exhibit 'A'

Fund	Account	Account Number	Amendment	Reason
Kanan Interchange				
General Fund	Transfer Out	010-4900-5900.00	2,888,575	Pay for Kanan Interchange, in lieu of Federal Appropriations
Miscellaneous Grants	Transfer In	260-0000-3961.00	2,888,575	Pay for Kanan Interchange, in lieu of Federal Appropriations
Traffic Improvement	Kanan/101 Interchange	110-4640-6308.00	320,000	Expenses for Kanan Interchange
Signal Synchronization				
Miscellaneous Grants	Signal Sync	260-4305-6310.00	29,950	Expenses for Signal Sync project spent faster than anticipated
Vehicles				
SCAQMngt. District	Vehicles	070-4190-5684.00	2,490	Expenses for vehicles
Recreation Excursions				
Proposition A	Contract Services - Teens	060-4220-5520.GO	8,600	Expenses for teen program buses
Redevelopment Agency Pass Throughs				
RDA Debt Service	Pass Thru to Other Agencies	390-4600-5520.90	646,000	RDA Tax Increment greater than anticipated
RDA Debt Service	Las Virgenes USD Pass Thru	390-4600-5520.91	25,585	RDA Tax Increment greater than anticipated
RDA Debt Service	Community College Pass Thru	390-4600-5520-92	27,530	RDA Tax Increment greater than anticipated
RDA Debt Service	Transfer Out	390-4600-5900.00	419,500	RDA Tax Increment greater than anticipated
RDA Capital Projects	Transfer Out	400-4900-5900.00	139,060	RDA Tax Increment pass thru
RDA Capital Projects	Transfer In	400-0000-3961.00	194,261	RDA Tax Increment greater than anticipated
RDA Housing Set-Aside	Transfer In	410-0000-3961.00	364,284	RDA Tax Increment greater than anticipated
Carryforward to 2008/09				
RDA Capital Projects	Property Acquisition	400-0000-6008.00	4,100,000	Acquire Property in 2008/09