



CITY of CALABASAS
CITY COUNCIL AGENDA REPORT

DATE: June 9, 2020

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: RON AHLERS, CHIEF FINANCIAL OFFICER

SUBJECT: BUDGET FOR FISCAL YEAR 2020-2021

MEETING DATE: June 10, 2020

SUMMARY RECOMMENDATION:

Review and discuss the City's budget for fiscal year (FY) 2020-21.

BACKGROUND:

The COVID-19 emergency declarations by the United States of America (USA), State of California (State), Los Angeles County (County) and City of Calabasas (City) have altered certain city revenues and expenditures for the budget FY 2020-21. The impacts are occurring in the General Fund for this report.

The FY 2020-21 original budget was presented to the City Council on May 18, 2020 during the Council workshop. The General Fund budget was shown with an approximate \$3.1 million loss, as depicted below in the second column. The revised budget shows a loss of almost \$500,000. The changes are reflected with an increase in General Fund revenues of \$991,000 and a decrease in expenditures of \$1.66 million. The \$500,000 loss is being funded by the sale of vacant land to Calabasas Auto Spa in the amount of \$1,380,000.

DISCUSSION/ANALYSIS:

	FY 2020-21		
	Original Budget	Revised Budget	Variance
Revenues	\$ 21,902,700	\$ 22,893,700	\$ 991,000
Expenditures	\$ 25,050,610	\$ 23,390,302	(\$ 1,660,308)
Net Income/(Loss)	(\$ 3,147,910)	(\$ 496,602)	\$ 2,651,308
General Fund Reserve	\$ 3,147,910	\$ 0	
Land Sale to Calabasas Auto Spa	\$ 0	\$ 496,602	
Revised Net Income	\$ 0	\$ 0	

General Fund Revenues

The City does not currently allocate costs for administrative functions to the various operating funds that are not the General Fund. The General Fund currently pays the entire costs for: City Council, City Manager, Finance, Human Resources, Communications, City Clerk, etc. The City can charge a portion of these costs to a variety of funds according to Federal Guidelines. By using an Indirect Cost Allocation Plan the City can bring in a minimum of \$900,000 in revenue to the General Fund. This number is probably greater than \$1.5 million but the first year estimate is \$900,000 to allow certain funds time to adjust to the new charges (Library Fund, Tennis & Swim Center Fund). The City will contract with a firm to develop the plan and the proper methodology to allocate these costs. The cost estimate for the study is less than \$20,000. This cost allocation plan will also allow the City to allocate and justify potentially additional costs to Federal and State grants.

The City currently pays for retiree medical costs directly from the General Fund operating account. The City has never set-aside funding for its retiree medical liability. The City has the option of establishing an Internal Revenue Code Section 115 Trust (Trust) to pay for these costs. The City would deposit \$2 million (for example) and the Trust would invest the monies in stocks, bonds, etc. to generate earnings sufficient to pay the annual costs, currently \$91,000. For example, \$2 million at a 5% return is \$100,000. The current actuarial unfunded liability of the retiree medical program is about \$1.9 million. The next actuarial will be finished by October and the number will be closer to \$3 million (maybe higher?). Staff is tentatively recommending the City fund this liability at 125% or greater in order to generate sufficient earnings to pay for the future growth in the annual expense of

retiree medical costs. Finance staff will present these options to the City Council for consideration at a future date.

General Fund Expenses

Suspend Vacation/Sick Leave cash-out for one year is estimated to save about \$150,000. This program is for City employees who have significant hours on the books and have not had the opportunity to use vacation leave. The cash out is in addition to the employee's salary and is real "cash" that leaves the City. By suspending this program the City will save the cash; however, the employees will need to use the accrued vacation leave otherwise the employees will stop earning vacation hours once they reach the maximum.

Currently, City part-time staff pay into social security (FICA). The employee pays 6.2% of their wages and the City pays 6.2% of the employees' wages, combined 12.4%. By replacing social security with an approved replacement plan, the combined contribution decreases to 7.5%. The City can structure the plan to have the 7.5% be paid by the employee with 0% by the City. The main difference is social security is "after-tax" and the replacement plan is "before-tax". The 7.5% before tax contribution results in more cash in the employee's net earnings. The entire 7.5% is invested in and provides a return to the employee in a tax-deferred account (similar to a 401k but not a 401k). Upon leaving employment with the City, the employee can take the money in cash (and pay taxes) or transfer the money into an Individual Retirement Account (IRA). If Council approves, staff can provide a follow-up report at the June 24 Council meeting to implement this program.

The annual contribution to the Agoura Hills Calabasas Community Center (AHCCC) is currently \$50,000. AHCCC is currently closed until January 1, 2021. AHCCC is requesting additional funding in order to pay for the very minimal staffing and to develop a plan for re-opening. AHCCC is working on a cost estimate for the remainder of this calendar year and for re-opening. Staff is requesting direction from City Council on this annual contribution and the possibility of a one-time contribution to sustain AHCCC.

General Fund Expenses ~ Administrative

There is currently one vacant full-time Facilities Maintenance Technician that is brand-new this year. No City employee has ever held this position. It was added prior to the COVID19 experience. Staff is proposing to eliminate this position and save \$73,904. Current full-time equivalent staffing for Administrative Services is 5.24.

	General Fund	Other Funds	Total
Administrative Services Manager	0.85	0.15	1.00
Facility Maintenance Technician	1.52	0.48	2.00
Facility Maintenance Technician II	0.52	0.48	1.00
Human Resources Specialist	1.00	0.00	1.00
Maintenance Assistant	0.24	0.00	0.24
	4.13	1.11	5.24

Eliminating this one position reduces the count to 4.24 and saves \$73,904.

The City Council requested additional funding to deal with the COVID19 response. \$50,000 is proposed for personal protective equipment (PPE), additional cleaning and supplies along with barriers and shields to protect the public and staff.

General Fund Expenses ~ City Attorney

The City contracts the City Attorney duties and responsibilities to a law firm. Upon consultation with Scott Howard, City Attorney, staff has reduced the budget from \$350,000 to \$300,000 for next year. This is an average monthly charge of \$25,000 which should be sufficient to cover the expenses. If an extraordinary event(s) occurs next year, staff can request additional funding for consideration by City Council.

General Fund Expenses ~ City Clerk

Staff is proposing to eliminate the Office Assistant position. This position performs the duty of being the City receptionist. Other City staff will perform the duties. The main City phone line will be directed to another staff person. The seat will remain vacant and all citizens/visitors to City Hall will be directed to the Community Development counter where they will be greeted. Current full-time equivalent staffing for City Clerk is 3.00

	General Fund	Other Funds	Total
Assistant to the City Clerk	1.00	0.00	1.00
City Clerk	1.00	0.00	1.00
Office Assistant	1.00	0.00	1.00
	3.00	0.00	3.00

Eliminating this one position reduces the count to 2.00 and saves \$69,710.

Certain operating accounts were reduced in the City Clerk’s budget. Elections were reduced from \$135,000 down to \$100,000 as this is an updated estimate from Los Angeles County for the November election given only the Council election and no

additional City measures. Advertising and Training were also reduced by \$2,000 and \$2,000 respectively.

General Fund Expenses ~ Community Development

Staff is proposing to eliminate one vacant part-time Planning Aide and one vacant full-time Executive Assistant I. Current full-time equivalent staffing for Community Development is 16.23.

	General Fund	Other Funds	Total
Assistant Planner	1.00	0.00	1.00
Associate Planner	2.00	0.00	2.00
Building Assistant	0.82	0.00	0.82
Building Inspector	2.00	0.00	2.00
Building Official	1.00	0.00	1.00
City Planner	1.00	0.00	1.00
Code Enforcement Officer	1.00	0.00	1.00
Community Development Director	1.00	0.00	1.00
Executive Assistant I	1.00	0.00	1.00
Executive Assistant II	1.00	0.00	1.00
Permit Center Supervisor	1.00	0.00	1.00
Planning Aide	0.41	0.00	0.41
Senior Building Inspector	1.00	0.00	1.00
Senior Planner	2.00	0.00	2.00
	16.23	0.00	16.23

Eliminating this one position reduces the count to 14.82 and saves \$107,348.

General Fund Expenses ~ Community Services

Staff is proposing to eliminate one vacant full-time Recreation Manager. Current full-time equivalent staffing for Community Services is 62.93.

	General Fund	Other Funds	Total
Assistant Aquatics Coordinator	0.00	1.23	1.23
Child Watch	0.00	1.23	1.23
Community Services Director	0.75	0.25	1.00
Deputy Community Services Director	0.70	0.30	1.00
Events Specialist	0.41	0.00	0.41
Executive Assistant I	2.00	0.65	2.65
Facility Maintenance Technician	1.82	0.41	2.23
Facility Supervisor	2.00	0.00	2.00
Fitness Instructor II	0.00	11.48	11.48
Fitness Instructor III	0.00	1.23	1.23
Fitness Staff	0.00	1.23	1.23
Head Lifeguard	0.00	2.05	2.05
Lifeguard	0.00	11.89	11.89
Maintenance Assistant	3.05	0.00	3.05
Preschool Supervisor	1.00	0.00	1.00
Preschool Teacher	4.00	0.00	4.00
Recreation Coordinator	2.41	1.00	3.41
Recreation Manager	0.00	1.00	1.00
Recreation Leader I	3.28	0.00	3.28
Recreation Leader II	2.87	0.00	2.87
Recreation Specialist	2.87	0.00	2.87
Recreation Supervisor	0.00	1.00	1.00
Swim Coach	0.00	0.41	0.41
Water Safety Instructor	0.00	2.87	2.87
	27.16	35.77	62.93

Eliminating this one position reduces the count to 61.93 and saves \$148,072.

The Pumpkin Festival has been cancelled this year; therefore this results in an expense reduction of \$135,000 with a revenue reduction of \$85,000. De Anza Special Dept. Supplies because of the COVID19 shutdown is a reduction of \$25,000. The July 4th event is also cancelled for this year with expenses reduced by \$81,000 and less revenue by \$28,500. The \$25,000 for July 4th is for the 2021 event since the City will make down payments on the fireworks and other expenses. The Calabasas Music Festival is reduced by \$35,000 with \$10,000 remaining for the beginning of summer 2021. The addition of \$50,000 is for new special events to replace July 4th and Pumpkin Festival after the City is fully open.

General Fund Expenses ~ Finance

Staff is proposing to eliminate one Accounting Supervisor position due to the anticipated retirement of the incumbent by the end of December 2020. Current full-time equivalent staffing for Finance is 8.00.

	General Fund	Other Funds	Total
Accounting Specialist	3.00	0.00	3.00
Accounting Supervisor	1.00	0.00	1.00
Chief Financial Officer	1.00	0.00	1.00
Executive Assistant I	1.00	0.00	1.00
Grant/Contract Administrator	1.00	0.00	1.00
Senior Accounting Specialist	1.00	0.00	1.00
	8.00	0.00	8.00

Eliminating one Accounting Supervisor reduces the count to 7.00 and saves \$71,507.

General Fund Expenses ~ Media / I.T. (information Technology)

Staff is proposing to eliminate three part-time positions: Senior Media Specialist, Public Information Officer and Executive Assistant I. Current full-time equivalent staffing for Media/I.T. is 9.86.

	General Fund	Other Funds	Total
Executive Assistant I	1.41	0.00	1.41
Information Systems Assistant	1.40	0.00	1.40
Information Systems Manager	1.00	0.00	1.00
Intern	0.41	0.00	0.41
Media Production Specialist	0.82	0.00	0.82
Media Supervisor	1.00	0.00	1.00
Communications Director	1.00	0.00	1.00
Public Information Officer	0.41	0.00	0.41
Senior Media Specialist	2.41	0.00	2.41
	9.86	0.00	9.86

Eliminating the three positions reduces the count to 8.63 and saves \$76,800.

General Fund Expenses ~ Public Works

Staff proposes to shift funding from the General Fund to other funds for the Public Works Department. This funding allocation change is where several staff positions actually perform their duties and assignments. The streets and road funds include: Gas Tax Fund and the Road Maintenance and Rehabilitation Fund (SB1 or RMRA).

The transit funds are: Proposition A, Proposition C, Measure R and Measure M. The transit funds receive revenue from the voter approved additional 2.0% sales tax in Los Angeles County. The table below reflects the funding changes along with a few minor changes to contractual services.

Item	Original Budget	Revised Budget	Variance Pos./ (Neg.)
Gas Tax / Prop A/C / Measure R/M pay for Public Works Director	\$ 305,442	\$ 274,898	\$ 30,544
Gas Tax / Prop A/C / Measure R/M pay for Deputy Public Works Director	\$ 203,864	\$ 142,705	\$ 61,159
AB 939 pay for Environmental Services Supervisor	\$ 170,322	\$ 85,161	\$ 85,161
Gas Tax / Prop A/C / Measure R/M pay for Senior Civil Engineer	\$ 155,585	\$ 93,351	\$ 62,234
Gas Tax / Prop A/C / Measure R/M pay for Associate Civil Engineer	\$ 119,848	\$ 59,924	\$ 59,924
Prop A/C / Measure R/M pay for Assistant Transportation Planner	\$ 96,012	\$ 48,006	\$ 48,006
Gas Tax / SB 1 RMRA pay for Executive Assistant II	\$ 106,345	\$ 74,441	\$ 31,904
Gas Tax / SB 1 RMRA pay for Senior Public Works Inspector	\$ 142,363	\$ 99,654	\$ 42,709
Gas Tax / SB 1 RMRA pay for Public Works Maintenance Technician	\$ 68,781	\$ 68,781	\$ 0
Gas Tax / SB 1 RMRA pay for Public Works Maintenance Technician	\$ 66,256	\$ 59,630	\$ 6,626
Admin & Engineering Contractual	\$ 180,000	\$ 150,000	\$ 30,000
Street Main Serv Contractual Services	\$ 15,000	\$ 10,000	\$ 5,000
Water Quality Enhancement Contractual	\$ 65,000	\$ 35,000	\$ 30,000
Transportation Eng Contractual	\$ 2,800	\$ 5,000	(\$ 2,200)
TOTAL			\$ 491,067

There are no position reductions for the Public Works Department. The Public Works staffing is as follows:

	General Fund	Other Funds	Total
Assistant Transportation Planner	1.41	0.00	1.41
Associate Civil Engineer	1.00	0.00	1.00
Deputy Public Works Director	1.00	0.00	1.00
Engineering Assistant	0.41	0.00	0.41
Environmental Services Supervisor	1.00	0.00	1.00
Executive Assistant I	0.00	0.41	0.41
Executive Assistant II	1.00	0.00	1.00
Intern	0.41	0.00	0.41
Landscape District Maintenance Manager	0.00	1.00	1.00
Landscape Maintenance Inspector	0.00	0.41	0.41
Public Works Director/City Engineer	1.00	0.00	1.00
Public Works Maintenance Technician	2.00	0.00	2.00
Senior Civil Engineer	1.00	0.00	1.00
Senior Public Works Inspector	1.00	0.00	1.00
	11.23	1.82	13.05

General Fund Expenses ~ Training & Miscellaneous

Staff is proposing to reduce a variety of training and miscellaneous accounts by about 50% that spans various General Fund departments. A few highlights are noted:

- Eliminate the tuition reimbursement program for one year, savings of \$15,000. The City reimburses staff for tuition costs when they are pursuing higher education.
- Reduction in kitchen supplies: paper towels, tea, coffee, etc. Savings of \$11,000
- Increase in Humanitarian Aid back to original amount of \$25,000 to go towards the Neighbors in Need program.
- Eliminate the Art Rental program whereby the City rents art pieces and displays them at the Civic Center. Savings of \$9,000.
- Eliminate the Open Space purchase of \$20,000. If an available property is up for sale City staff will return to Council for an appropriation.

Item	Original Budget	Revised Budget	Variance Pos./ (Neg.)
Business Meeting & Conference : City Clerk	\$ 500	\$ 250	\$ 250
Business Meeting & Conference : Admin Services	\$ 800	\$ 400	\$ 400
Tuition Reimbursement : Administrative Services	\$ 15,000	\$ 0	\$ 15,000
Training : Administrative Services	\$ 1,500	\$ 750	\$ 750
Kitchen Supplies : Non-Departmental	\$ 22,000	\$ 11,000	\$ 11,000
Humanitarian Aid : Non-Departmental	\$ 10,000	\$ 25,000	(\$ 15,000)
Art Rental : Non-Departmental	\$ 9,000	\$ 0	\$ 9,000
Open Space : Non-Departmental	\$ 20,000	\$ 0	\$ 20,000
Business Meeting & Conference : Finance	\$ 800	\$ 400	\$ 400
Training : Financial Management	\$ 800	\$ 400	\$ 400
Business Meeting & Conference : Payroll	\$ 2,000	\$ 1,000	\$ 1,000
Training : Payroll & Revenue	\$ 800	\$ 400	\$ 400
Business Meeting & Conference : Public Inform	\$ 7,000	\$ 3,500	\$ 3,500
Training : Public Information	\$ 500	\$ 250	\$ 250
Business Meeting & Conference : Inform Tech	\$ 2,500	\$ 1,250	\$ 1,250
Training : Information Technology	\$ 7,200	\$ 3,600	\$ 3,600
Business Meeting & Conference : Telecom Reg.	\$ 200	\$ 100	\$ 100
Business Meeting & Conference : Planning	\$ 1,000	\$ 500	\$ 500
Training : Planning Projects & Studies	\$ 100	\$ 50	\$ 50
Training : Building Inspection	\$ 500	\$ 250	\$ 250
Training : Code Enforcement	\$ 200	\$ 100	\$ 100
Training : De Anza Park/Recreation Program	\$ 600	\$ 300	\$ 300
TOTAL			\$ 53,500

General Fund Expenses ~ School Funding

Staff is proposing only one reduction with regards to school funding: reducing by 50% the School Grants program from \$250,000 down to \$125,000. All other funding that supports schools remains. The list below describes the various City expenses in support of schools from the General Fund. Please note there is only one reduction of \$125,000 for School Grants.

Item	Original Budget	Revised Budget	Variance Pos./ (Neg.)
School Grants	\$ 250,000	\$ 125,000	\$ 125,000
Fixed Shuttle	\$ 129,100	\$ 129,100	\$ 0
Crossing Guard Program	\$ 95,000	\$ 95,000	\$ 0
School Facility Maintenance	\$ 65,000	\$ 65,000	\$ 0
Joint Use Agreement - A.E. Wright & A.C. Stelle	\$ 85,000	\$ 85,000	\$ 0
Before and After School Aides	\$ 12,000	\$ 12,000	\$ 0
School Programs	\$ 5,800	\$ 5,800	\$ 0
Every 15 Minutes	\$ 5,000	\$ 5,000	\$ 0
Walk-To-School Program	\$ 1,500	\$ 1,500	\$ 0
Bus Pass Processing	\$ 500	\$ 500	\$ 0
Flu Clinic Services	\$ 400	\$ 400	\$ 0
TOTAL			\$ 125,000

General Fund Expenses ~ City Council

There are proposed reductions in funding for City Council expenses of \$4,000 in total. The reduction is a 10% cut in special department supplies, special events and the Mayor's Youth Council.

Item	Original Budget	Revised Budget	Variance Pos./ (Neg.)
Special Dept. Supplies : Legislation & Policy	\$ 5,000	\$ 4,500	\$ 500
Special Dept Sup- J Bozajian	\$ 5,000	\$ 4,500	\$ 500
Special Dept Sup- MS Maurer	\$ 5,000	\$ 4,500	\$ 500
Special Dept Sup- F Gaines	\$ 5,000	\$ 4,500	\$ 500
Special Dept Sup- D Shapiro	\$ 5,000	\$ 4,500	\$ 500
Special Dept Sup- A Weintraub	\$ 5,000	\$ 4,500	\$ 500
Special Events : Legislation & Policy	\$ 5,000	\$ 4,500	\$ 500
Mayor's Youth Council	\$ 5,000	\$ 4,500	\$ 500
TOTAL			\$ 4,000

The staffing for the City Council is the five City Council members.

	General Fund	Other Funds	Total
City Council Members	5.00	0.00	5.00
	5.00	0.00	5.00

General Fund Expenses ~ City Manager

There are no proposed reductions in funding for the City Manager department. The staffing remains the same as this current fiscal year

	General Fund	Other Funds	Total
City Manager	1.00	0.00	1.00
Executive Assistant I	1.00	0.00	1.00
Management Analyst	1.00	0.00	1.00
	3.00	0.00	3.00

FISCAL IMPACT/SOURCE OF FUNDING:

The FY 2020-21 budget as presented.

REQUESTED ACTION:

Review and discuss budget for FY 2020-21.

ATTACHMENTS: