




CITY of CALABASAS
CITY COUNCIL AGENDA REPORT

DATE: MARCH 8, 2021
TO: HONORABLE MAYOR AND COUNCILMEMBERS
FROM: RON AHLERS, CHIEF FINANCIAL OFFICER 
SUBJECT: MID-YEAR BUDGET UPDATE FY 2021-22
MEETING DATE: MARCH 23, 2022

SUMMARY RECOMMENDATION:

Staff is providing this mid-year budget update to City Council for discussion. Staff is proposing certain changes to the adopted budget at this time to reflect more accurately revenue and expenditure estimates. City staff is requesting City Council adopt the attached resolution of appropriation to reflect these changes.

BACKGROUND:

The City Council adopted the fiscal year (FY) 2021-22 budget on June 23, 2021. The General Fund budget was adopted with a minimal deficit of **(\$67,000)**. City Council made certain modifications to the budget during the June 23rd meeting. Staff is presenting this mid-year budget report to the Council.

DISCUSSION:

GENERAL FUND (Fund 10)

The table below depicts the last four full years of actual revenues and expenses along with the original budget for 2021-22, six-month actuals and a revised 2021-22 estimate.

CITY of CALABASAS
GENERAL FUND
MID YEAR BUDGET REPORT
FY 2021-22

	Actuals 2017-18	Actuals 2018-19	Actuals 2019-20	Actuals 2020-21	Budget 2021-22	<i>Actuals</i> 12/31/2021	<i>Revised</i> 2021-22
Property Tax	3,399,242	3,815,995	3,839,932	4,010,560	4,160,000	1,745,518	4,200,000
Sales Tax	5,178,580	5,824,369	5,979,032	6,885,572	6,050,000	2,583,671	7,500,000
Franchise TV	299,750	344,016	307,865	310,706	300,000	79,067	300,000
Franchise Edison	379,646	365,850	372,844	417,091	425,000	0	425,000
TOT	2,003,514	2,114,825	1,571,867	983,758	1,250,000	688,513	1,600,000
UUT Electric	1,736,736	1,620,719	1,691,338	1,841,004	1,875,000	1,047,692	1,925,000
UUT Gas	362,052	441,082	483,986	526,393	480,000	87,647	500,000
UUT Phone	814,146	747,556	678,819	634,119	660,000	210,195	600,000
Building Fees	2,130,041	1,648,193	1,776,011	1,465,771	1,635,000	827,375	1,485,000
Damage Reimburse			19,977	445,605			
VLF	2,406,088	2,504,434	2,619,375	2,724,328	2,800,000	0	2,775,000
Cost Plan				335,000	900,000	0	335,000
Other	4,795,782	4,414,676	3,330,439	2,249,404	3,175,000	482,226	2,655,000
	23,505,577	23,841,715	22,671,485	22,829,311	23,710,000	7,751,904	24,300,000
Expenses	23,226,700	23,678,513	24,119,200	22,440,299	23,777,431	11,730,801	23,400,000
Income/(Loss)	278,877	163,202	(1,447,715)	389,012	(67,431)	(3,978,897)	900,000

FY 2017-18 the General Fund had net income of \$278,877 while FY 2018-19 the net income was \$163,202. FY 2019-20 shows an actual loss of **\$1.4 million**. Last year, FY 2020-21, the General Fund surplus was \$389,012.

The Original Budget for FY 2021-22 has an estimated loss of **\$67,431** while the revised estimate shows a positive surplus of \$900,000. A brief discussion of the major revenues is detailed below.

GENERAL FUND REVENUES

Property Taxes

Property taxes are being revised minimally upward by \$40,000 from the original budget. This is attributable to sales prices increasing as well as the annual Prop 13 adjustment to assessed values of 2%. Traditionally, a stable source of revenue for the City; not dependent on the condition of the economy.

Sales Tax

Please note that Sales Taxes have actually increased dramatically over the past four quarters versus the prior fiscal year. This was unanticipated and proved a strong finish for FY 2019-20 and 2020-21. The July-September 2021 quarter sales tax increased by \$300,000 or 18% versus the same quarter in the prior year. October-December 2021 quarter sales tax increased by \$570,000 or 35%. Based on these figures staff increased the revised estimate to \$7.5 million. The original budget estimate was \$6,050,000 for FY 2021-22. This is a 25% increase.

Transient Occupancy Tax (TOT)

The Cambria Hotel opened late last year and has begun to submit their TOT. This revenue is up substantially from the original budget estimate of \$1,250,000. The revised estimate is \$1.6 million and that may be exceeded by the end of the year.

UUT Electric & Gas

Both of these revenues have been increasing these past few years and the revised estimates reflect this trend. Staff has increased these estimates from the original budget by \$50,000 and \$20,000 respectively.

UUT Phone

This revenues has been trending lower the past few years and the revised estimate has been decreased by \$60,000 to reflect this.

Building Fees

This revenue estimate is being decreased by \$150,000 based on recent trends.

Vehicle License Fee

Minor adjustment to decrease the estimate by \$25,000.

Indirect Cost Plan

The original budget is \$900,000. The revised estimate is \$335,000 which reflects what actually occurred last fiscal year. City Council will review the cost plan study and authorize which operations (funds) should share the cost of overhead of the City. Currently, the General Fund pays the vast majority of the internal departments expenses: City Council , City Manager, City Clerk, Administrative Services, Finance, Media and Information Technology along with insurance (General Liability, Property, Workers Compensation, etc). These costs are typically borne and paid for by the operating funds of the City. This will be a cash transfer into the General Fund from the various other funds of the City. The Council will review the implementation of the cost plan study as part of the budget process.

All other General Fund revenues

The revised estimate reflects that certain events and programs are making less than the budget estimate.

GENERAL FUND EXPENSES

The FY 2021-22 revised estimate for General Fund expenses show a decrease to \$23.4 million. This reflects that the City has staff cost savings along with other reduced expenses. Attachment 1 shows the expense detail for every department/account in the General Fund.

Staff is recommending appropriating \$300,000 for a new financial system software package. The City's financial software is over twenty years old and has severe limitations on what it can accomplish. Staff is currently reviewing certain software packages and getting price quotes to purchase and implement the system. Staff anticipates completing the search and recommending a vendor to the City Council prior to June 30th. Staff shall present a software contract to the City Council for your approval prior to fiscal year end.

Staff is recommending replacing the fence at Grape Arbor Park in the amount of \$13,000. In addition, Community Services staff are seeking to replace their recreation software system with CivicPlus software in the amount of \$40,000.

Authorized Full-Time Positions

Staff is recommending the authorized full-time position count be increased by one, for a total of 77 positions. The position to be added to the General Fund is "Emergency Services Manager". This is upgrading the current part-time position to a full-time position. There is no impact to this year's current budget due to budgetary salary savings from the part-time position being vacant and other vacant full-time positions.

Variability

As a reminder, the General Fund budget is slightly over \$23.7 million. The revised estimates for both revenues and expenses show a surplus of \$900,000.

OTHER FUNDS ~ (NOT THE GENERAL FUND)

TRANSIT FUND (Fund 29)

The Transit fund requires budget adjustments to increase the funding for Transit Administration \$40,000, Dial a Ride \$125,000 and Vehicle Maintenance \$27,000. The Transit Fund receives its revenues from: Prop A, Prop C, Measure R and Measure M. Each one of these four voter approved taxes are a one-half cent (½ %) Sales Tax on transactions in Los Angeles County for a total of 2% Sales Tax dedicated to public transportation. Staff is adjusting the transfers from these sources into the Transit Fund.

CAPITAL IMPROVEMENT FUND (Fund 40)

There are five capital improvement projects that need to have their appropriations increased or decreased for FY 2021-22. Staff is adjusting the Transfers as well. The projects are:

Stormwater & Water Quality Improvement

Increase of \$50,000. Source of funding is the General Fund.

Mulholland Shoulder Safety

Decrease of \$2 million. Staff mistakenly placed the \$2 million budget estimate into this project; it should be placed into the budget for Mulholland Gap Closure. Source of funding is Measure M.

Mulholland Gap Closure

Increase of \$3.3 million; which is \$2 million from the project above and \$1.3 million in new funds. This will complete this project. Source of funding is Measure M.

Mulholland Highway Corridor Study

Increase of \$800,000. This project is from Old Topanga East to West section. Source of funding is Measure M.

AHCCC Roof Replacement

Increase of \$60,000. Staff has engaged the services of a consultant to write a Request for Proposal (RFP) for the replacement of the roof at the Agoura Hills Calabasas Community Center (AHCCC). Source of funding is the General Fund to begin this process. Staff is securing external funding sources from the U.S. Federal Government and possibly Los Angeles County and others. Staff will return to the City Council for approval of the construction contract and appropriate the funds for the replacement.

GRANTS FUND (Fund 36)

Tobacco grant from State of California in the amount of \$159,207. This grant shall reimburse city activities relating to enforcing tobacco regulations within City limits.

FISCAL IMPACT/SOURCE OF FUNDING:

Appropriations totaling \$5,310,207 as per the attached resolution from various funds as explained above.

REQUESTED ACTION:

Staff recommends the City Council approve the attached resolution of appropriation.

ATTACHMENTS:

Attachment 1: Resolution No. 2022-1776 Resolution of Appropriation

Attachment 2: General Fund and Other Funds Revenues and Expenses