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CITY of CALABASAS
CITY COUNCIL AGENDA REPORT

DATE: MARCH 14, 2023
TO: HONORABLE MAYOR AND COUNCILMEMBERS
FROM: RON AHLERS, CHIEF FINANCIAL OFFICER *RA*
SUBJECT: MID-YEAR BUDGET UPDATE FY 2022-23 AND ADOPTION OF RESOLUTION OF APPROPRIATION NO. 2023-1842
MEETING DATE: MARCH 22, 2023

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) 2022-23 budget on June 22, 2022. The General Fund budget was adopted with a surplus of \$13,191. 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 2022-23, six-month actuals and a revised 2022-23 estimate.

CITY of CALABASAS
 GENERAL FUND
 MID YEAR BUDGET REPORT
 FY 2022-23

	Actuals 2018-19	Actuals 2019-20	Actuals 2020-21	Actuals 2021-22	Budget 2022-23	Actuals 12/31/2022	Revised 2022-23
Property Tax	3,815,995	3,839,932	4,010,560	4,224,154	4,400,000	1,861,503	4,450,000
Sales Tax	5,824,369	5,979,032	6,885,572	8,447,615	7,400,000	2,708,978	8,200,000
Franchise TV	344,016	307,865	310,706	294,970	300,000	79,235	300,000
Franchise Edison	365,850	372,844	417,091	436,104	450,000		450,000
TOT	2,114,825	1,571,867	983,758	2,108,153	2,000,000	983,589	2,200,000
UUT Electric	1,620,719	1,691,338	1,841,004	2,161,900	1,975,000	1,271,214	2,200,000
UUT Gas	441,082	483,986	526,393	556,773	500,000	144,905	600,000
UUT Phone	747,556	678,819	634,119	645,256	575,000	243,079	600,000
Building Fees	1,648,193	1,776,011	1,465,771	1,819,350	1,495,000	898,855	1,700,000
Damage Reimburse		19,977	445,605	8,558			
VLF	2,504,434	2,619,375	2,724,328	2,786,733	2,900,000		2,931,000
Cost Plan			335,000	335,000	335,000		335,000
Other	4,414,676	3,330,439	2,249,404	1,188,103	2,930,707	2,018,426	2,486,000
	23,841,715	22,671,485	22,829,311	25,012,669	25,260,707	10,209,784	26,452,000
Expenses	23,678,513	24,119,200	22,440,299	23,715,124	24,893,516	12,133,192	25,270,822
Income/(Loss)	163,202	(1,447,715)	389,012	1,297,545	367,191	(1,923,408)	1,181,178

FY 2018-19 the General Fund had net income of \$163,202. FY 2019-20 shows an actual loss of **\$1.4 million**. FY 2020-21, the General Fund surplus was \$389,012 while last year, FY 2021-22 the surplus was \$1,297,545.

The Original Budget for FY 2022-23 has an estimated surplus of \$367,191. The six months Actuals as of 12-31-2022 show a negative **\$1.9 million**. This is typical for the first half of the year. The second half receives 100% of the VLF, Franchise Fees and a majority of the sales tax. The revised estimate shows a positive surplus of almost \$1.2 million. A brief discussion of the major revenues is detailed below.

GENERAL FUND REVENUES

Property Taxes

Property taxes are being revised minimally upward by \$50,000 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 seven quarters. This was unanticipated and proved a strong finish for FY 2020-21 and 2021-22. The July-September 2022 quarter sales tax increased by \$70,000 or 3.5% versus the same quarter in the prior year. October-December 2022 quarter sales tax increased by \$71,000 or 3.2%. Based on these figures staff increased the revised estimate to \$8.2 million. The original budget estimate was \$7.4 million for FY 2022-23. This is a 11% increase.

Transient Occupancy Tax (TOT)

The Cambria Hotel opened and has been operational about one year. This revenue is up from the original budget estimate of \$2 million. The revised estimate is \$2.2 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 \$225,000 and \$100,000 respectively.

UUT Phone

This revenue has been trending lower the past few years, except for last year. The revised estimate has been increased by \$25,000 to reflect this.

Building Fees

This revenue estimate is being increased by \$205,000 based on recent trends.

Vehicle License Fee

Minor adjustment to increase the estimate by \$31,000.

Indirect Cost Plan

No change to the \$325,000 estimate.

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 2022-23 revised estimate for General Fund expenses show an increase to \$25.2 million. This reflects that the City has staff cost savings along with other increased expenses for utilities and landscaping. Attachment 1 shows the expense detail for every department/account in the General Fund.

Variability

As a reminder, the General Fund budget is approximately \$24.9 million. The revised estimates for both revenues and expenses show a surplus of \$1.2 million.

OTHER FUNDS ~ (NOT THE GENERAL FUND)

TRANSIT FUND (Fund 29)

The Transit fund requires budget adjustments to increase the funding for Trolley \$25,000; Line 1 Fixed Route \$25,000 and Transit Title VI Program \$25,000. 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 two capital improvement projects that need to have their appropriations increased or decreased for FY 2022-23. 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 Gap Closure

Increase of \$200,000. This will complete this project. Source of funding is Measure M.

TENNIS & SWIM CENTER FUND (Fund 50)

The CTSC Pool & Deck capital project original budget is \$1 million. The actual costs will be about \$600,000. Staff is requesting the re-allocation of the \$400,000 in savings be appropriated to other CTSC Facility Upgrades.

FISCAL IMPACT/SOURCE OF FUNDING:

Appropriations totaling \$650,000 as per the attached resolution from various funds as explained above.

REQUESTED ACTION:

Staff recommends the City Council adopt attached Resolution of Appropriation No. 2023-1842.

ATTACHMENTS:

Attachment 1: Resolution of Appropriation No. 2023–1842

Attachment 2: General Fund Revenues and Expenses