




CITY of CALABASAS
CITY COUNCIL AGENDA REPORT

DATE: MARCH 20, 2023
TO: HONORABLE MAYOR AND COUNCILMEMBERS
FROM: RON AHLERS, CHIEF FINANCIAL OFFICER 
SUBJECT: GENERAL FUND BUDGET DISCUSSION FY 2023-24
MEETING DATE: MARCH 29, 2023

SUMMARY RECOMMENDATION:

Staff is providing this first budget discussion for FY 2023-24 for the General Fund of the City of Calabasas (City). Staff is also providing the City Manager Budget Calendar for the City Council.

BACKGROUND:

This is the first discussion regarding the FY 2023-24 Budget with the City Council. The focus of this report concerns the General Fund of the City. The General Fund records the majority of the taxes and fees and major expenses of the City providing typical governmental services. The tax revenues include: property taxes, sales taxes, utility users taxes, franchise fees and vehicle license fees. Expenses of the General Fund includes: Police services (thru Los Angeles County Sheriff contract), community services (recreation and parks), Community Development services (providing Planning, Zoning and Building & Safety services), Pubic Works (providing street maintenance, landscaping services, engineering, etc.) and Administrative Services (City Manager, Human Resources, Media, Finance, etc.)

DISCUSSION:

GENERAL FUND (Fund 10)

The table below depicts the last three full years of actual revenues, original budget for 2022-23 and a revised 2022-23 estimate along with a Preliminary Budget for 2023-24.

CITY of CALABASAS
GENERAL FUND
PRELIMINARY BUDGET REPORT
FY 2023-24

	Actuals	Actuals	Actuals	Budget	Revised	<i>Preliminary</i> <i>Budget</i>
	2019-20	2020-21	2021-22	2022-23	2022-23	2023-24
Property Tax	3,839,932	4,010,560	4,224,154	4,400,000	4,450,000	4,600,000
Sales Tax	5,979,032	6,885,572	8,447,615	7,400,000	8,200,000	8,200,000
Franchise TV	307,865	310,706	294,970	300,000	300,000	300,000
Franchise Edison	372,844	417,091	436,104	450,000	450,000	500,000
TOT	1,571,867	983,758	2,108,153	2,000,000	2,200,000	2,400,000
UUT Electric	1,691,338	1,841,004	2,161,900	1,975,000	2,200,000	2,300,000
UUT Gas	483,986	526,393	556,773	500,000	600,000	650,000
UUT Phone	678,819	634,119	645,256	575,000	600,000	600,000
Building Fees	1,776,011	1,465,771	1,819,350	1,495,000	1,700,000	1,700,000
Damage Reimburs	19,977	445,605	8,558			
VLF	2,619,375	2,724,328	2,786,733	2,900,000	2,931,000	3,050,000
Cost Plan		335,000	335,000	335,000	335,000	335,000
Other	3,330,439	2,249,404	1,188,103	2,930,707	2,486,000	2,265,000
	22,671,485	22,829,311	25,012,669	25,260,707	26,452,000	26,900,000

GENERAL FUND REVENUES

Property Taxes

Property taxes continue to increase. The increase over current year is \$150,000 or about 3%. This is attributable to assessed value increased due to sales of property. Additionally, the annual Proposition 13 adjustment to assessed values of 2% for all the non-sold properties. Traditionally, property taxes are 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 FY 2022-23 to \$8.2 million. The Preliminary Budget holds the Sales Tax revenue at \$8.2 million; which is zero change from the current year. This revenue is more dependent on the economy and can change from quarter to quarter. Inflation also has an impact on this revenue source. Inflation is currently greater than 5.1% for the Los Angeles region down from a high of 8.6% in June 2022.

Franchise Cable TV

This is the Franchise Fee imposed on cable TV providers. There are two providers in the City. The fee has remained stable over the years, about \$300,000.

Franchise Edison

This is the Franchise Fee imposed on electricity providers. The one main payer is Southern California Edison. We receive this fee once a year in April. The estimate for next year is an increase of \$50,000, or 11%, from the current year revised.

Transient Occupancy Tax (TOT)

The City generates fees from four hotels within the city limits. The newest hotel, the Cambria has been operational about one year. TOT revenue is a 12% tax upon the hotels. TOT revenue dropped by over one-half due pandemic and reduced business/leisure travel in FY 2019-20 and 2020-21. The estimate for next year is an increase of \$200,000, or 9%, from the current year revised.

UUT Electric

This is a 5% tax on electricity users located within the City limits. Revenue has been increasing these past few years and the FY 2022-23 revised estimates reflect this trend. Staff estimates this to increase to \$2.3 million for FY 2023-24 particularly with the increase in electricity rates.

UUT Gas

This is a 5% tax on natural gas users located within the City limits. Revenue has been increasing these past few years and the FY 2022-23 revised estimates reflect this trend. Estimates for FY 2023-24 show an upward trend of \$40,000 or 9% due to increased natural gas prices.

UUT Phone

This is a 5% tax on phone service (cell and land-line) users located within the City limits. This revenue has been trending lower the past few years, except for last year. Staff estimates this revenue to remain constant for next year at \$600,000.

Building Fees

This revenue estimate is held constant from the revised for the current year; based on recent trends.

Vehicle License Fee (VLF)

This revenue is actually property taxes in lieu of VLF and is based on the increase in property assessed value within Calabasas. The City receives this revenue directly from Los Angeles County in January (50%) and May (50%). The County releases the actual dollar amount after the fiscal year has begun; usually by October. The estimate for next year is an increase of about \$119,000 or 4%.

Indirect Cost Plan

No change to the \$325,000 annual revenue.

All other General Fund revenues

This is a compilation of several dozen different revenue estimates ranging from interest income to recreational fees to facility rentals. The estimate for next year is about \$2.3 million.

GENERAL FUND EXPENSES

Staff is preparing estimates for General Fund expenses. We shall discuss a few of the larger dollar amounts here.

Salary and Benefits:

A large portion of the General Fund expenses are salary and related benefits for City employees both full-time and part-time. This is roughly \$9.7 million this current year, FY 2022-23. Next year's estimate, FY 2023-24 will include increases to CalPERS contributions, Medical Insurance premiums, as well as the Cost of Living Adjustment (COLA) for full-time employees. Certain Part-time employees will see an increase due to the anticipated minimum wage increase in January 2024.

Police Services (Los Angeles County Sheriff Contract):

The City has received notification by the Sheriff's office that they are seeking an increase of 7.63% to the contract. In addition, the contract cities will see an increase in the Liability Trust Fund surcharge from 11% to 12%. The increase for the contract rate is about \$360,000, while the increase for the Liability Trust Fund is about \$90,000. A total increase of \$450,000 for FY 2023-24.

Insurances:

The City belongs to California Joint Powers Insurance Authority (CJPIA) who provide the following insurance: General Liability, Workers Compensation, Property, Crime and Pollution. CJPIA released their estimates for next fiscal year. All insurance coverage prices increased for next fiscal year. All these costs have historically been paid solely from the General Fund. Per the direction of the City Council and the Budget sub-committee the City's non-General Funds may contribute towards these insurance expenses. The amounts are enumerated in the table below:

	2022-23	2023-24	Variance	
			Dollars	Percent
Insurance				
General Liability	788,930	895,755	106,825	13.5 %
Workers Compensation	127,253	192,566	65,313	51.3 %
Property	122,076	150,377	28,301	23.2 %
Crime	1,693	1,778	85	5.0 %
Pollution	5,134	5,339	205	4.0 %
TOTAL	\$ 1,045,086	\$ 1,245,815	\$ 200,729	19.2 %

Agoura Hills Calabasas Community Center (AHCCC):

The AHCCC is expected to re-open in the Fall of 2023. The General Fund will subsidize the operating costs of AHCCC. For FY 2023-24 the operating costs will include full-time staff and part-time staff along with new equipment, maintenance, electricity, water and other costs. The Community Services Director will be presenting a comprehensive report in the near future regarding the re-opening of AHCCC.

Other Increases to Expenses:

There are a few other large expenses that we are reviewing for increases: water, electricity, natural gas, landscaping and others.

City Manager Budget Calendar:

Attachment A details the City Manager Budget Calendar for next fiscal year. Staff has scheduled a few meetings with City Council to discuss. We will also be meeting with the Budget Committee of the City Council.

FISCAL IMPACT/SOURCE OF FUNDING:

~ None ~

REQUESTED ACTION:

Staff recommends the City Council discuss and provide direction to staff regarding the FY 2023-24 General Fund budget.

ATTACHMENTS:

1. Budget Calendar 2023-24
2. General Fund Budget Presentation Slides