City of Rolling Hills INCORPORATED JANUARY 24, 1957

2 PORTUGUESE BEND ROAD
ROLLING HILLS, CA 90274
(310) 377-1521

AGENDA
Special Finance/Budget/Audit Committee Meeting

FINANCE/BUDGET/AUDIT COMMITTEE
Monday, May 08, 2023

CITY OF ROLLING HILLS
6:00 PM

1. ITEMS FOR DISCUSSION

1.A. FISCAL YEAR 2023/24 PROPOSED BUDGET - RESTRICTED FUNDS, CAPITAL IMPROVEMENT FUND, AND REFUSE FUND

RECOMMENDATION: Receive and hear a report from staff on the proposed fiscal year 2023/24 budgets for the City's restricted funds, capital improvement fund, and refuse fund; and develop recommendations for Council based on staff's proposed budgets.

CL_AGN_050823_FBA_FY23-24_ProposedBudget_OtherFunds.pdf

2. PUBLIC COMMENT

3. ADJOURNMENT

Notice:

Pursuant to the Brown Act, no action will take place on any items not on the agenda. This is the appropriate time for members of the public to make comments regarding items listed on this agenda.

Documents pertaining to an agenda item received after the posting of the agenda are available for review in the City Clerk's office or at the meeting at which the item will be considered.

In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate in this meeting due to your disability, please contact the City Clerk at (310) 377-1521 at least 48 hours prior to the meeting to enable the City to make reasonable arrangements to ensure accessibility and accommodation for your review of this agenda and attendance at this meeting.

Agenda Item No.: 1.A
Mtg. Date: 05/08/2023

TO: **HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

FROM: **ROBERT SAMARIO, FINANCE DIRECTOR**

THRU: **ELAINE JENG P.E., CITY MANAGER**

SUBJECT: **FISCAL YEAR 2023/24 PROPOSED BUDGET - RESTRICTED FUNDS, CAPITAL IMPROVEMENT FUND, AND REFUSE FUND**

DATE: **May 08, 2023**

BACKGROUND:
Over the last few months the City of Rolling Hills has been working on developing the proposed budget for fiscal year 2023/24. The Finance/Budget/Audit Committee has played a key role in this effort, reviewing the various iterations of preliminary revenue and expenditure estimates.

Pursuant with the Council-approved budget calendar, staff will be presenting the proposed revenue and expenditure budgets for the City's restricted funds, the Capital Improvement Fund, and the Refuse Fund for fiscal year 2023/24.

DISCUSSION:
Attached to this agenda report is a listing of all restricted funds, the Capital Improvement Fund, and Refuse Fund. A summary of the key funds is provided below.

RESTRICTED FUNDS

Transit/Transportation Funds

The City receives revenues, primarily from the County, that are restricted for specific purposes. These include the allocation of special sales tax measures approved by Los Angeles County voters over the last several decades that are restricted to transit and transportation programs and projects. The measures include Proposition A, Proposition C, Measure R, and Measure M. Since the City of Rolling Hills does not own and operate transit system and, in fact, has no transit service provided within the City limits, nor does the City own and maintain any public roads, the funds received pursuant to the four tax measures are either gifted to other agencies or exchanged for unrestricted monies with other agencies that can

utilize the funds in accordance with their intended uses. Revenue projections for next fiscal year are projected to grow 2-3%. There are no projected use or exchange of the funds next fiscal year.

COPS Fund

The City maintains a COPs Fund for monies received from the County's Supplemental Law Enforcement Services Fund, created in 2009 through an increase statewide to vehicle license fees. The revenues can only be used for supplemental law enforcement services and not to supplant existing funding from the General Fund for law enforcement. As of March 31, 2023, revenues of $165,371 have been received versus a total annual budget of $165,000. Thus revenues will exceed budget by fiscal year end. More importantly, this will provide additional funds to pay for increased Sheriff services, if needed. Similar revenues are projected next fiscal year.

Measure W Fund

The City receives an allocation of the countywide special parcel tax pursuant to the Measure W (Safe, Clean Water Act) for parcels located within the Los Angeles County Flood Control District. These revenues are intended for storm water recycling and water quality improvement projects and programs. The City receives a single payment each year for the full annual allocation. In December, the City received $104,457, which is very close to the $105,000 budget. Staff is proposing revenues and expenditures of $105,000 next fiscal year as well.

CAPITAL IMPROVEMENT FUND

The City accounts for its capital improvement program in the Capital Improvement Fund. Funding for these capital projects normally included grants and the General Fund.

For fiscal year 2023/24, staff is proposing two capital projects. The first is a solar project and battery back-up project. The estimated cost is $250,000. Staff proposes to fund this project from General Fund reserves. The second project is continuation of the City Hall ADA Improvements Project. The current estimate is $2.1 million. Staff has been in discussions with CJPIA about securing a loan to finance this project since the City currently does not have adequate reserves to pay for this for this project. If a loan from from CJPIA cannot be secured, then a bank loan would be another option.

ENTERPRISE FUND

Refuse Fund

The Refuse Fund is the City's only enterprise fund. Enterprise funds are typically used to account for utilities owned and operated by governments, such as water, wastewater, electricity, and refuse, and other operations that are similar to those provided by the private sector, such as airports and golf courses.
The Refuse Fund accounts for the contracted waste collection and disposal for all City of Rolling Hills residents. The fees charged to City residents are processed as a "Direct Assessment" through the County Assessor's Office, which means the annual total assessment is added to the property tax bill sent to property owners by the County and is payable in two installments. Thus, the payments the City receives from the County for refuse services

coincide with the payments we receive for regular property taxes.

Currently, the annual assessments have been $1,100 per parcel, which have been flat since fiscal year 2016. The cost of services, however, for next year is $1,432.11 per parcel based on the contracted compensation paid to the hauler next fiscal year. Since fiscal year 2016, as the costs from the hauler have increased, the City's General Fund has been covering the difference from General Fund unrestricted revenues.

For next fiscal year, due to the tightening of the General Fund budget, the City may increase the annual assessments to completely or partially reduce the subsidy depending on revenues perform the rest of this year and, thus, if the General Fund can afford to continue the subsidy. Without any increase to the assessments, the General Fund subsidy for next fiscal year would be approximately $236,000. This factors in the 3.9% increase to the compensation for the contracted hauler, which brings the total cost for hauling services to $981,336.

FISCAL IMPACT:
None.

RECOMMENDATION:
Receive and hear a report from staff on the proposed fiscal year 2023/24 budgets for the City's restricted funds, capital improvement fund, and refuse fund; and develop recommendations for Council based on staff's proposed budgets.

ATTACHMENTS:
CL_AGN_050823_FBA_FY23-24_ProposedBudget_OtherFunds.pdf

CITY OF ROLLING HILLS
Fiscal Year 2023/24 Proposed Budget
Restricted, Capital, and Refuse Funds

		FY 2023 Amended Budget	Actuals Thru 03/31/23	Preliminary Year-End Estimate	Preliminary FY 2023/24 Estimates
10 - COPS FUND					
	Revenues				
570	COPS Allocation	$ 165,000	$ 165,371	$ 165,371	$ 165,000
	Expenditures				
840	COPS Program Expenditures	165,000	111,541	165,371	165,000
	Revenues Over (Under) Expenditures	$ -	$ 53,831	$ -	$ -
25 - PROPOSITION A FUND					
	Revenues				
500	Grant Revenues	$ 45,000	$ 37,690	$ 50,254	$ 52,000
670	Interest Earned	200	-	300	300
	Total Revenues	45,200	37,690	50,554	52,300
	Expenditures				
620	Prop A Exchange	58,400	-	50,000	-
	Revenues Over (Under) Expenditures	$ (13,200)	$ 37,690	$ 554	$ 52,300
26 - PROPOSITION C					
	Revenues				
501	Grant Revenue-Prop C	$ 37,000	$ 31,263	$ 41,684	$ 43,000
670	Interest Earned	200	-	250	250
	Total Revenues	37,200	31,263	41,934	43,250
	Expenditures				
906	Prop C Gifted	-	-	-	-
	Revenues Over (Under) Expenditures	$ 37,200	$ 31,263	$ 41,934	$ 43,250
27- MEASURE R TRANSIT					
	Revenues				
502	Measure R Grant Revenues	$ 28,000	$ 23,437	$ 31,250	$ 33,000
670	Interest Earned	200	-	250	250
	Total Revenues	28,200	23,437	31,500	33,250
	Expenditures				
907	Measure R Gifted	-	-	-	-
	Revenues Over (Under) Expenditures	$ 28,200	$ 23,437	$ 31,500	$ 33,250
29 - MEASURE M					
	Revenues				
507	Measure M Local Return	$ 31,000	$ 26,518	$ 35,357	$ 37,000
670	Interest Earned	200	-	250	250
	Total Revenues	31,200	26,518	35,607	37,250
	Expenditures				
XXX	Measure M Gifted	-	-	-	-
	Revenues Over (Under) Expenditures	$ 31,200	$ 26,518	$ 35,607	$ 37,250

		FY 2023 Amended Budget	Actuals Thru 03/31/23	Preliminary Year-End Estimate	Preliminary FY 2023/24 Estimates
30 - MEASURE W					
	Revenues				
508	Grant Revenues	$ 105,000	$ 104,457	$ 104,457	$ 105,000
670	Interest Earned	-		500	500
	Total Revenues	105,000	104,457	104,957	105,500
	Expenditures				
913	Storm Water Management - 30%	40,000	2,337	31,300	31,650
914	Storm Water Management - 70%	40,000	48,689	74,000	73,850
		80,000	51,025	105,300	105,500
	Revenues Over (Under) Expenditures	$ 25,000	$ 53,431	$ (343)	$ -
40 - CAPITAL PROJECTS FUND					
	Revenues				
	Transfers from General Fund	$ 1,163,720	$ 132,056	$ 582,827	$ 250,000
	Debt Proceeds	-	-	-	2,100,000
		1,163,720	132,056	582,827	2,350,000
	Expenditures				
887	Sewer Feasibility Project	9,010	-	-	-
890	Consulting Fees	-	(6,683)	-	-
899	Outdoor Siren System - Design & Constr	300,000	6,780	40,000	-
935	Tennis Court Improvenments	5,000	-	-	-
947	Non-Building Improvements	-	1,560	1,560	-
948	City Hall ADA Improvements	105,700	78,165	100,000	2,100,000
949	Battery/Solar Back-Up	-	-	-	250,000
950					
961	Middleridge Road Emergency Storm Drain Repairs	455,868	52,233	150,000	-
962	Phase 1 Bifurcated 8" Sewer Main Engineering	23,670	-	23,670	-
963	Generator & Waterproof Removal and Electrical Svcs	60,170	-	60,170	-
964	HVAC Replacement Project	207,427	-	207,427	-
	Total Expenditures	1,166,845	132,056	582,827	2,350,000
	Revenues Over (Under) Expenditures	$ (3,125)	$ 0	$ -	$ -
50 - REFUSE FUND					
	Revenues				
441	Construction & Demo Permits	$ 20,000	$ -		
665	Service Charges	780,000	666,518	760,100	1,005,336
699	Transfers In - General Fund	168,500	126,375	208,892	-
	Total Revenues	968,500	792,893	968,992	1,005,336
	Expenditures				
815	Refuse Service Contract	944,500	472,088	944,500	981,336
790	Advertising	-	492	492	-
999	Transfers Out	24,000	18,000	24,000	24,000
	Total Expenditures	968,500	490,580	968,992	1,005,336
	Revenues Over (Under) Expenditures	$ -	$ 302,313	$ -	$ -