City of Rolling Hills INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD
ROLLING HILLS, CA 90274
(310) 377-1521
FAX (310) 377-7288

AGENDA **CITY COUNCIL** **CITY OF ROLLING HILLS**
REGULAR COUNCIL MEETING **Monday, February 10, 2020** **7:00 PM**

1. CALL TO ORDER

2. ROLL CALL

PLEDGE OF ALLEGIANCE

3. OPEN AGENDA - PUBLIC COMMENT WELCOME

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

4. CONSENT CALENDAR

Matters which may be acted upon by the City Council in a single motion. Any Councilmember may request removal of any item from the Consent Calendar causing it to be considered under Council Actions.

4.A. APPROVAL OF CITY COUNCIL MEETING MINUTES.
RECOMMENDATION:APPROVE AS PRESENTED.
08-27-18 CCDraftMinutes
04-09-18 CCDraftMinutes

4.B. CONSIDER AND APPROVE RESOLUTION 1248: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AUTHORIZING THE DESTRUCTION OF CERTAIN CITY RECORDS AS PROVIDED BY SECTION 34090 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.
RECOMMENDATION:APPROVE AS PRESENTED.
Attch01_Records Destruction Authorization Form_FINANCE
Attch02_Resolution Approving Destruction Of Records

4.C. CONSIDER AND APPROVE RESOLUTION NO 1249 THAT SUPPORTS THE RECOMMENDATION BY THE PERSONNEL COMMITTEE TO ADJUST THE MAXIMUM CITY CONTRIBUTION TO EMPLOYEE HEALTH INSURANCE PREMIUMS FOR CALENDAR YEAR 2020 THROUGH 2024.

RECOMMENDATION:

IT IS RECOMMENDED THAT THE CITY COUNCIL CONSIDER AND APPROVE RESOLUTION NO. 1249, WHICH SUPPORTS THE PERSONNEL COMMITTEE'S RECOMMENDATIONS AS FOLLOWS:

- **INCREASE THE CITY'S CURRENT MAXIMUM MONTHLY CONTRIBUTION AMOUNTS FOR EMPLOYEE HEALTH INSURANCE PREMIUM (CONTRIBUTION CAP) FOR CALENDAR YEAR 2020 BY 1%.**
- **NO INCREASE TO THE CONTRIBUTION CAP FOR CALENDAR YEARS 2021, 2022, 2023**
- **BEGINNING CALENDAR YEAR 2024, INCREASE CONTRIBUTION CAP BY 2%**

Resolution No. 1249_Feb10th.DOCX
StaffRpt_HealthInsPrem_Jan27th.pdf
Resolution No. 1181_Jan27th.pdf

4.D. PAYMENT OF BILLS.

RECOMMENDATION:APPROVE AS PRESENTED.

Payment of Bills.pdf

5. COMMISSION ITEMS

NONE.

6. PUBLIC HEARINGS

6.A. CONSIDER AND APPROVE ADOPTION OF AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINE THE ORDINANCE TO BE EXEMPT FROM CEQA AND INTRODUCE AND APPROVE A NON-URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINE THE ORDINANCE TO BE EXEMPT FROM CEQA. Â

RECOMMENDATION:IT IS RECOMMENDED THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS:

(1) WAIVE FULL READING AND ADOPT URGENCY ORDINANCE NO. 364U: AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

(2) CONDUCT PUBLIC HEARING.

(3) INTRODUCE AND APPROVE ON FIRST READING NON-URGENCY ORDINANCE NO. 364:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

(4) DIRECT STAFF TO SCHEDULE A SECOND READING FOR FEBRUARY 24, 2020 CITY COUNCIL MEETING.

Item6A_Attch1_ADU Non-urgency Ord. 364.pdf
Item6A_Attch2_ADU Urgency Ord. 364U.pdf
Item6A_Attch3_PC StaffRpt.01.21.20.pdf

7. OLD BUSINESS

7.A. ANNOUNCE COX "POP-UP" OPEN HOUSE AT HESSE PARK. TWO SESSIONS BETWEEN 3PM AND 8PM TO ACCOMMODATE RESIDENTS' SCHEDULES. DATE TO BE DETERMINED. (ORAL).

RECOMMENDATION:RECEIVE AND FILE.

7.B. RECEIVE AND FILE A PRESENTATION FROM THE PALOS VERDES PENINSULA LAND CONSERVANCY ON THE ACACIA AND MUSTARD PLANTS REMOVAL WORK IN THE PRESERVE.

RECOMMENDATION:RECEIVE AND FILE A PRESENTATION FROM THE PALOS VERDES PENINSULA LAND CONSERVANCY ON THE ACACIA AND MUSTARD PLANTS REMOVAL WORK IN THE PRESERVE.

7.C. DISCUSS FISCAL YEARS 2021-2022 AND 2022-2023 POTENTIAL BUDGET ITEMS TO SUPPORT THE CITY COUNCIL PRIORITIES DEVELOPED AS A PART OF THE STRATEGIC PLANNING WORKSHOP.

RECOMMENDATION:STAFF RECOMMENDS THAT THE CITY COUNCIL REVIEW THE CITY COUNCIL PRIORITIES DEVELOPED AS PART OF THE STRATEGIC PLANNING WORKSHOP AND DISCUSS POTENTIAL BUDGET ITEMS FOR FISCAL YEARS 2020-2021 AND 2022-2023; AND DIRECT STAFF TO PROVIDE HIGH LEVEL BUDGET ESTIMATES FOR THE POTENTIAL ITEMS AT THE FEBRUARY 24, 2020 COUNCIL MEETING.

Item7D_SummaryStrategicPlanningWorkshop_2020-01-27.pptx

8. NEW BUSINESS

8.A. REVIEW OF FISCAL YEAR 2018/2019 AUDITED FINANCIAL STATEMENTS..

RECOMMENDATION:

IT IS RECOMMENDED THAT THE CITY COUNCIL RECEIVE AND FILE THE FISCAL YEAR 2018-2019 ANNUAL FINANCIAL STATEMENTS AND ASSOCIATED AUDIT LETTERS.

City of Rolling Hills Audit Comm Ltr Final Draft 01-21-20.pdf
City of Rolling Hills Report on IC Final Draft 01-21-20.pdf
City of Rolling Hills FS Final Draft 01-21-20.pdf

9. MATTERS FROM THE CITY COUNCIL AND MEETING ATTENDANCE REPORTS

10. MATTERS FROM STAFF

NONE.

11. ADJOURNMENT

Next regular meeting: Monday, February 24, 2020 at 7:00 p.m. in the City Council Chamber, Rolling Hills City Hall, 2 Portuguese Bend Road, Rolling Hills, California, 90274.

Public Comment is welcome on any item prior to City Council action on the item.

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

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 4.A
Mtg. Date: 02/10/2020

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

FROM: **YOHANA CORONEL, CITY CLERK**

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

SUBJECT: **APPROVAL OF CITY COUNCIL MEETING MINUTES.**

DATE: **February 10, 2020**

BACKGROUND:
NONE.

DISCUSSION:
NONE.

RECOMMENDATION:
APPROVE AS PRESENTED.

ATTACHMENTS:

08-27-18 CCDraftMinutes
04-09-18 CCDraftMinutes

MINUTES OF
A REGULAR MEETING
OF THE
CITY COUNCIL OF THE
CITY OF ROLLING HILLS, CALIFORNIA
MONDAY, AUGUST 27, 2018

1. CALL TO ORDER

A regular meeting of the City Council of the City of Rolling Hills was called to order by Mayor Wilson at 7:00p.m. in the City Council Chamber at City Hall, 2 Portuguese Bend Road, Rolling Hills, California.

2. ROLL CALL

Councilmembers Present:	Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
Councilmembers Absent:	None
Others Present:	Yolanta Schwartz, Interim City Manager
	Julia Stewart, Acting Planning Director
	Yvette Hall, City Clerk
	Michael Jenkins, City Attorney
	Debra Mitchell, 23 Georgeff Road

PLEDGE OF ALLEGIANCE

3. OPEN AGENDA - PUBLIC COMMENT WELCOME

Debra Mitchell, 23 Georgeff Road, expressed a concern regarding coyotes entering backyards: loss of pets due to the amount of coyotes around properties; suggested that the newsletter be more detailed; and collaborate with outside cities to raise awareness.

Mayor Wilson stated that the budget for coyote control was increased in order to deal with coyotes.

Councilmember Pieper indicated that there have been efforts by other cities that have been aggressive in their efforts to prevent coyote attacks, however animal rights organizations have protested against these efforts. Councilmember Pieper cautioned that the City has to tread lightly when using coyote traps.

The City Council agendized an item regarding discussions of coyote attacks in the community.

4. CONSENT CALENDAR

Matters which may be acted upon by the City Council in a single motion. Any Councilmember may request removal of any item from the Consent Calendar causing it to be considered under Council Actions.

A. Minutes – Regular Meeting of August 13, 2018.
RECOMMENDATION: APPROVE AS PRESENTED.

B. Payment of Bills.

RECOMMENDATION: APPROVE AS PRESENTED.

C. County of Los Angeles Department of Animal Care and Control FY 2018-19 Service Level Request.
RECOMMENDATION: Approve as presented.

Councilmember Dieringer requested pulling consent item 4C for further discussion.

Councilmember Dieringer moved that the City Council approve items 4A and 4B on the consent calendar as presented. Councilmember Black seconded the motion and the motion carried without objection by voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

Item 4C.

Councilmember Dieringer asked staff to clarify an expense for animal facility licensing and the ability to make an exception for Los Angeles County to enforce.

Interim City Manager, Yolanta Schwartz stated that the City uses the County facility and that the item regarding animal facility licensing is an exception, which means the County is not performing these services for the City. In this case, County's facilities were used. She further explained that the County will not charge the City for any services not performed. In the agreement, the line is meant as a strikeout to the service, it does not indicate that the service is being provided. Upon further investigation of the staff report, Interim City Manager Schwartz stated that she may have misunderstood the contract. According to the contract, the County is providing licensing and inspections. There are services that are mandated by SB945 because when the County takes an animal to a shelter, they perform inspections, as required.

City Attorney Michael Jenkins explained to the Council that the County charges the City for services performed. Under this contract, the County is providing this service because it is their responsibility. He agreed with Councilmember Dieringer that the City does not have facilities to perform these services therefore the County should provide this responsibility. He also pointed out that the County will only charge the City when this service is provided.

Councilmember Dieringer also inquired about the enforcement of Title X.

City Attorney Michael Jenkins indicated that the City would prefer the enforcement of Title X with respect to dangerous dogs, however, the County indicated that that they would enforce other provisions of the Title but not in respect to dangerous animals and also added that the County will not charge for that service. He clarified that the City is talking to staff from the City of Long Beach to retain subcontracting services for the enforcement of Title X with respect to dangerous animals.

Mayor Pro Tem Mirsch asked staff to re-evaluate the cost of the Spay and Neuter Trust Fund.

Staff clarified that the fund has not had significant negative impact on the City's reserve.

Councilmember Dieringer moved that the City Council approve the consent item as presented. Councilmember Pieper seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

5. COMMISSION ITEMS

A. RESOLUTION NO. 2018-05. A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ROLLING HILLS GRANTING A MAJOR MODIFICATION IN ZONING CASE NO. 916 AND AMENDING RESOLUTION NO. 2017-08 TO ALLOW MODIFICATIONS TO THE PREVIOUSLY APPROVED BASEMENT AND GRADING QUANTITIES AT 5 EL CONCHO IN ZONING CASE NO. 916, (LOT 10- GF) ROLLING HILLS, CA (DE MIRANDA).

Acting Planning Director, Julia Stewart provided the City Council with a summary of the request for a major modification to a previously approved project by PowerPoint presentation. She explained that the applicant requested a Site Plan Review to add an additional 126 square feet of basement, with an additional 4 foot 9 inch depth. Even though the basement was located beneath the footprint of the existing resident, the proposed work would be located partially in the front setback due to the existing non-conforming status of the house. The removal of a barbeque pad and restoration of a slope leading up to a remaining patio area, reduced the disturbed area to 46.2%; basement excavation increased grading; and the inclusion of additional special conditions ensures previous conditions are intact. Staff presented an amended resolution, not a new one. Staff did not receive any concerns from neighbors.

Councilmember Dieringer inquired about the timeline of the project.

Acting Planning Director Stewart explained that the project must be completed within two years of when the permit was issued. She clarified that a new engineer with experience working with hillside work was hired; the entrance to the basement is not visible and that the modification does not restart a two-year extension.

Councilmember Black stated that he was concerned about the project looking like a two-story home.

Acting Planning Director Stewart explained that one of the ways that this issue is being addressed was by looking at the elevations. She stated that the wall of the basement will look like the outside

of the house. She highlighted via a PowerPoint presentation how the elevation would look from across the canyon and proceeded to show the Council the different vantage points of different elevations.

Councilmember Dieringer asked if there would be screening for the outer grade issue and whether it was part of the plan.

Acting Planning Director Stewart explained that there already is an outer grade condition permit and it is consistent with the rest of the house. She informed the Council they could take the project under their jurisdiction if they wish to require additional screening.

Councilmember Pieper moved that the City Council receive and file the item as presented. Mayor Pro Tem Mirsch seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

6. PUBLIC HEARINGS

NONE.

7. OLD BUSINESS

A. REQUEST FOR RECONSIDERATION OF SOUTHERN CALIFORNIA EDISON RULE 20A FUND EXCHANGE RATE WITH THE CITY OF PALOS VERDES ESTATES.

Interim City Manager Yolanta Schwartz explained that the City of Rolling Hills previously made an offer of $0.60 for $1.00 of Rule 20A credits from the City of Palos Verdes Estates (PVE). Palos Verdes Estates requested that the offer be improved upon to reflect an increase between $0.65 to $0.75.

The City Council directed staff to maintain the offer amount at $0.60 but requested that the amount of credits to be purchased be 1,200,000 rather than the original 1,000,000 credits.

Councilmember Dieringer moved that the City Council direct staff to purchase 1,200,000 credits in the amount of $0.60 per credit. Councilmember Black seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

8. NEW BUSINESS

A. FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING – COORDINATED INTEGRATED MONITORING PROGRAM (CIMP).

Interim City Manager Schwartz provided a brief report regarding a review of the First Amendment to the Memorandum of Understanding (MOU) between the LA County Flood Control District, the County of Los Angeles and the Cities of Rancho Palos Verdes, Palos Verdes Estates, Rolling Hills, and Rolling Hills Estates regarding the Administration and Cost Sharing for Implementing the Coordinated Intergraded Monitoring Program (CIMP) for the Peninsula CIMP Agencies. After the approval of a professional services agreement for Geosyntec Consultants to carry out weekly shoreline monitoring and reporting, the additional cost is being distributed between the four incorporated Peninsula CIMP agencies according to the percent of land shown in a graph.

Councilmember Dieringer moved that the City Council make an amendment to the MOU to include an additional increase in annual share of monitoring by $11,435. Mayor Pro Tem Mirsch seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

9. MATTERS FROM THE CITY COUNCIL AND MEETING ATTENDANCE REPORTS

A. UPDATE ON THE PALOS VERDES PENINSULA REGIONAL LAW ENFORCEMENT COMMITTEE MEETING HELD ON AUGUST 16, 2018 (ORAL).

Mayor Wilson provided an update on the Palos Verdes Peninsula Regional Law Enforcement Committee meeting that was held on August 16, 2018. Mayor Wilson referred to a spreadsheet indicating that the City of Rolling Hills had zeros in every category of the law enforcement evaluation. Emergency response analysis indicated compliance with response times.

Interim City Manager Schwartz shared that coordination efforts are being made with the School District, Police Department, and other City Managers to develop a protocol for emergency communication.

Councilmember Dieringer provided an update on the Domestic Abuse Response Team; she discussed the various forms of communication that each agency uses in case of emergencies; and that the City has the least amount of communication channels to disseminate information.

Interim City Manager Schwartz clarified that the only communication used in cases of emergency is the reverse 9-11 system and listserv. She pointed out that listserv is only available for residents that have opted to subscribe to it.

Councilmember Dieringer requested that the item be agenized for further discussion.

The City Council directed staff to conduct research on other means of communications that other cities use, including text messages, emails, and social media; provide further information and a report back to the City Council.

The City Council directed staff to request from Edison to provide further information with regards to the utility pole that caught fire on Portuguese Bend Road and also provided measures as to how to minimize damages in the future.

Mayor Pro Tem Councilmember Mirsch requested a follow up regarding the vector control matter discussed at the last City Council meeting by Mary Drummer because she did not fully understand the issue presented to the Council.

City Attorney Jenkins shared details relating to discussions about vector control and prevention of diseases. Mr. Jenkins indicated that the Vector Control District has a big team dedicated to responding to constituents and invited the City Council to attend one of the meetings to learn about mosquito abatements. He also mentioned that Hermosa Beach and other cities are looking at assigning Vector Control Representatives.

Mayor Wilson discussed the Active Shooter Drill held at the local high school and shared that 1200 teachers, district representatives, and other district staff were present and enjoyed the debriefing. He also mentioned that he will be visiting the City of Hidden Hills during the upcoming time the City does not have scheduled council meetings.

Mayor Pro Tem Mirsch shared that the Sheriff's Substation is now open at the Peninsula.

Councilmember Pieper stated that a lot of dead plants and bushes were left along Blackwater Canyon trail and would like the City to remind the HOA to clean up the trail.

10. MATTERS FROM STAFF

A. UPDATE, SIGNATURE AUTHORIZATIONS, AND CONSIDERATION OF CHANGES TO CONSULTANT SCOPE OF SERVICES FOR CALIFORNIA OFFICE OF EMERGENCY SERVICES GRANT APPLICATIONS.

Acting Planning Director Stewart provided an update of changes made to the consultant scope of services for California Office of Emergency Services Grant Applications (CalOES). Acting Planning Director Stewart stated that three of the four grants applications (the Safety Update Element, the Wildfire Outreach and Educational Programs and Power Undergrounding along Crest Road East) are 75% complete. What was discovered was that the $35,000 requested for the dead vegetation clearance grant application, was insufficient for the work needing to be done. The

consultant suggested to City staff that they discontinue preparation of the full grant application and instead resubmit a Notice of Interest (NOI) for a more comprehensive project for an award from a funding pool meant primarily for fire prevention projects. It was clarified that property owners would indeed have to allow the City to conduct fire prevention projects on their properties (for example dead brush clearance and modifications to live vegetation); and that the change to the scope of services would allow the consultant to formulate the newly needed NOI for the new pool of funds. It was also clarified that staff looked at two specific streets (Caballeros and Georgeff) because unlike other streets, these two only have one way in or out and because the power lines on those streets are woven through trees. Acting Planning Director Stewart stated that staff focused on locations that would give the City the strongest case for funding.

Councilmember Black stated that it was his understanding that the funds had to be used on major thoroughfare. He stated that when he voted for this project it was his desire to underground Eastfield and thought that was the desire of the Council as well, and not Crest Road East, as it is written in the application along with Georgeff.

Acting Planning Director Stewart clarified that the power line undergrounding item that mentions Crest Road East is already part of the Hazard Mitigation Plan, and therefore, when applying for grants, this information needs to be cohesive. She indicated that the application for grants already includes Crest Road East and those funds can no longer be changed to provide undergrounding for Eastfield. She also noted that new applications deadline for Cal OES would be in October and if City Council desired funds for Eastfield, staff would have to submit new NOIs for Eastfield in particular.

Mayor Pro Tem Mirsch stated that she was not aware that when the Council discussed the Hazard Mitigation Plan, that specific streets were discussed.

Councilmember Dieringer and Councilmember Black concurred.

Acting Planning Director Stewart stated that it would be easy for the Council not to be aware, unless the Council read through every single page of the plan. She also pointed out that at the very end of the report there was a very thick matrix that list out all the potential implementations, in which the list is very long.

Councilmember Pieper asked to clarify that if the City pays 25%, would CalOES pay 75%. He further inquired how the City could use Tile 28A ($4.8 million) to add Eastfield.

Acting Planning Director Stewart responded yes and informed the Council that they could add a new street with the “new money” but that they cannot change the project because CalOES’s offer is contingent upon consistency with the existing application. She reminded the Council, it is not an application they have to accept. The Council has a choice, if they are awarded the grant, they can choose to say that they do not want to continue with Crest but instead choose to move forward with Eastfield, but she again reminded the Council that an NOI must be submitted for Eastfield.

Interim City Manager Schwartz stated that no specific streets were discussed when it was presented to the Council, and that it was a staff decision based on the Hazard Mitigation Plan. She stated that she and staff rushed the decision and was trying to make the best with the information they had.

Councilmember Black suggested that the Council make it very clear to staff that the desire of the City Council is to underground Eastfield.

The City Council directed staff to submit three new Notices of Interest to CalOES.

Councilmember Pieper moved that the City Council approve staff recommendations and submit three additional NOIs to CalOES. Councilmember Dieringer seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

Councilmember Pieper moved that the City Council delegate the Mayor as signatory for all necessary documentation required by Cal OES for the three grant applications being submitted on September 4, 2018. Councilmember Black seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

B. DISCUSSION OF 33RD ANNUAL HOLIDAY OPEN HOUSE AND CONSIDERATION OF A DATE OF DECEMBER 10, 2018, 4-7 PM.

The City Council directed staff to have the caterer for this event be fully in charge of all food service and coordination; change invitations to only include address and not the names of those residents.

11. CLOSED SESSION

NONE.

12. ADJOURNMENT

Hearing no further business before the City Council, Mayor Wilson adjourned the meeting at 09:07p.m. The next meeting: Monday, September 10, 2018 at 7:00 p.m. in the Council Chamber, Rolling Hills, City Hall, 2 Portuguese Bend Road, Rolling Hills, California.

Respectfully submitted,

_____
Yohana Coronel
City Clerk

Approved,

_____
Patrick Wilson
Mayor

MINUTES OF
A REGULAR MEETING
OF THE
CITY COUNCIL OF THE
CITY OF ROLLING HILLS, CALIFORNIA
MONDAY, APRIL 9, 2018

1. CALL TO ORDER

A regular meeting of the City Council of the City of Rolling Hills was called to order by Mayor Wilson at 7:01p.m. in the City Council Chamber at City Hall, 2 Portuguese Bend Road, Rolling Hills, California.

2. ROLL CALL

Councilmembers Present:	Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
Councilmembers Absent:	None
Others Present:	Yolanta Schwartz, Interim City Manager
	Julia Stewart, Acting Planning Director
	Yvette Hall, City Clerk
	Michael Jenkins, City Attorney
	Bob Gaudenti, 5 Hillside Lane
	Kathleen McGowan of McGowan Consulting

3. OPEN AGENDA - PUBLIC COMMENT WELCOME

NONE.

4. CONSENT CALENDAR

Matters which may be acted upon by the City Council in a single motion. Any Councilmember may request removal of any item from the Consent Calendar causing it to be considered under Council Actions.

A. MINUTES – REGULAR MEETING OF MRCH 26, 2018.
RECOMMENDATION: APPROVE AS PRESENTED.

B. PAYMENT OF BILLS.
RECOMMENDATION: APPROVE AS PRESENTED.

C. CITY COUNCIL FINANCE/BUDGET/AUDIT COMMITTEE MEETING NOTES OF MARCH 26, 2018.
RECOMMENDATION: RECEIVE AND FILE.

D. CONSIDERATION AND APPROVAL OF THE 2018/2019 CITY COUNCIL COMMITTEE ASSIGNMENTS.
RECOMMENDATION: APPROVE AS PRESENTED.

Mayor Wilson requested to pull Consent Item 4D - Committee Assignments.

Councilmember Black asked staff for clarification on Consent Item 4C - City Council Finance/Budget/Audit Committee meeting notes of March 26, 2018, specifically an amount of $39,700.

Interim City Manager Yolanta Schwartz clarified that the line item listed on the report related to an annual contribution to Rancho Palos Verdes Estates for the implementation of a Coordinated Integrated Monitoring Program (CIMP) that the City entered into an MOU agreement with the Peninsula Watershed Management Group.

Councilmember Pieper moved that the City Council approve the consent items as presented. Councilmember Black seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

Item 4D

D. CONSIDERATION AND APPROVAL OF THE 2018/2019 CITY COUNCIL COMMITTEE ASSIGNMENTS.
RECOMMENDATION: APPROVE AS PRESENTED

Mayor Wilson pulled item 4D for clarification regarding appointments to committees. The City Council discussed appointments to the following committees:

California Contract Cities Association; League of CA Cities; South Bay Cities Council of Governments; Los Angeles Sanitation District No.5; Vector Control District; SMBRC - Watershed Advisory Council (Ralph Schmoller-D); Pen. Reg. Law Enforcement Com./Public Safety; Peninsula Cities Mayors' Committee; Los Angeles County City Selection Committee; Southern California Assoc. Of Governments (SCAG); Personnel Committee; Finance/Budget/Audit; Planning Commission Liaison; Emergency Services/Disaster Preparedness; Tennis Club Liaison; Caballeros Liaison; Insurance Committee (CJPIA); Women's Community Club Liaison; Traffic Commission Representative; Solid Waste/Recycling; City Association Liaison; Underground Utility.

Mayor Wilson apologized for making a mistake as a Mayor. He was under the impression that Councilmember Dieringer was not on the Personnel Committee. When he asked Councilmember Dieringer if she was happy with her assignments, she stated yes. However, it was the understanding of the Councilmember Dieringer that she would continue to serve on the Personnel Committee when she answered the Mayor's question about being happy with her assignments. There was a miscommunication, so as the committee assignments stand now, Councilmember Pieper and Mayor Pro Tem Mirsch are currently serving on the Personnel Committee. He inquired if Mayor Pro Tem Mirsch or Councilmember Pieper was willing to step down from the Personnel Committee since Councilmember Dieringer had expressed interest in serving on the committee.

Councilmember Dieringer stated that she would be happy to continue to serve on the Personnel Committee and stated this is of particular interest to her. She also recalled that Councilmember Pieper stated it was very instrumental to have diverse opinions on this committee. She respectfully requested for either member currently serving on the committee to allow her to continue to serve.

There were no volunteers.

Councilmember Pieper moved that the City Council approve the consent items as presented. Councilmember Black seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

5. COMMISSION ITEMS

A. RESOLUTION NO. 2018-03 A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ROLLING HILLS GRANTING APPROVAL FOR VARIANCES TO CONSTRUCT A NEW RETAINING WALL WITH A MAXIMUM HEIGHT OF UP TO 4 1/2 FEET LOCATED WITHIN A SETBACK AREA, AND ALLOW AN AS- BUILT PORTION OF A RIDING ARENA WITH A MAXIMUM 10 FOOT ENCROACHMENT LOCATED IN THE FRONT YARD SETBACK IN ZONING CASE NO. 937 FOR PROPERTY AT 11 SADDLEBACK ROAD. (LOT 48-1-RH and 48-2-RH). PROJECT IS CATEGORICALLY EXEMPT UNDER CEQA.

Councilmember Pieper recused himself from voting on the matter.

Acting Planning Director Stewart gave a brief power point presentation and the history of Zoning Case No. 937 at 11 Saddleback Road. She stated that the applicant requests variances to construct a new retaining wall within a setback area and to allow for an as-built portion of a riding arena to encroach a maximum of 10 feet into the front yard setback. Acting Planning Director Stewart clarified that these variances are part of a larger previously approved project that included a Lot Line Adjustment (LLA) to merge two lots. She discussed the applicant's previously submitted revised version that included changes to the grading of the dressage arena, alterations to the residence's remodel, and the elimination of various pathways on the property thereby reducing the project from the approved lot disturbance. Acting Planning Director Stewart also indicated that the wall that is being eliminated from the arena location change would have been visible from the bridal trail. The resolution presented to the Council included a special condition of approval that increased the number of trees and modified the site of the trees in the front to 24-gallon trees. The project is categorically exempt.

Councilmember Dieringer asked if the same engineering company that had provided the previous estimates with regard to the previous wall and indicated that it would be acceptable to maintain a 2 to 1 grade is now saying it cannot be done.

Acting Planning Director Stewart clarified that was the case because after grading the site they discovered there were slight modifications, but because the modifications require variances, it would need City Council approval.

Councilmember Dieringer asked City Attorney Jenkins if any provisions were in place to prevent engineering companies to make changes to plans that the City Council has already approved and understand them to be true and accurate and if there is a process for monitoring modifications.

City Attorney Jenkins replied that what he understood was that the project encountered some field conditions that were not anticipated which resulted in the change. Therefore, he is not sure how the Council can protect themselves against that. When the applicant encountered these issues they came back to the City Council for approval of the revised project, which is what they are supposed to do.

Acting Planning Director Stewart clarified that: it is not uncommon for plans to change once actual grading is completed and field conditions are approved; and that there are no processes in place for tracking modifications.

Mayor Wilson inquired about the type of trees that were approved to be used in this project.

Acting Planning Director Stewart replied by stating paper bark or pepper and further informed Mayor Wilson that there are some height restrictions.

Mayor Wilson opened the item for public comment.

Bob Gaudenti, 5 Hillside Lane, further commented and clarified to the City Council why there was needed modifications which required variances.

Councilmember Black moved that the City Council receive and file as presented. Mayor Mirsch seconded the motion and the motion carried by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: Pieper

6. PUBLIC HEARINGS

NONE.

7. OLD BUSINESS

NONE.

8. NEW BUSINESS

A. PENDING REGIONAL DECISION REGARDING RESIDENTIAL ONSITE WASTEWATER TREATMENT SYSTEMS (OWTS) FOR LOS ANGELES COUNTY AND REQUEST FOR CITY COUNCIL ACTION.

Interim City Manager, Yolanta Schwartz, gave an overview and discussed the pending issue in consideration by the Regional Water Quality Control Board. She stated that the City must follow certain steps included in the memo that will ensure the City can implement the County's Local Agency Management Plan (LAMP). She informed the City Council that there would be a public hearing on May 10, 2018 and highly encouraged the City Council and/or a Councilmember to attend.

Councilmember Black expressed frustration with the handling of this issue by the County and hoped to resolve the matter adequately and promptly.

Councilmember Black moved that the City Council receive and file the report from McGowan Consulting and approve the recommendation by McGowan Consulting. Councilmember Pieper seconded the motion.

Mayor Wilson opened the discussion.

Kathleen McGowan of McGowan Consulting explained that it would be best to send an early response and have an elected official from the City present at the Regional Board meeting, as it would help the County to understand the effects on cities such as City of Rolling Hills. Ms. McGowan indicated that as of May 13, 2018, the Los Angeles County Department of Mental Health will not be able to review septic tank permit applications until the LAMP is approved and in effect. She continued to review the highlights of the memo provided from McGowan Consultants.

Mayor Wilson inquired about the date of the public hearing scheduled on May 10, 2018 and the definitions of Tiers 2 and 3.

Consultant McGowan clarified that Tier 3 does not apply to the City and only applies if impaired waters are identified as being impaired because of leaking septics and leaking septic's impacts. The City would only be affected by Tier 2 which requires the advance treatment of septic tanks, which is the case for most septics in the City of Rolling Hills.

The City Council discussed the following: a comparative review by the County for changes to their current draft which shifts the second draft of the LAMP to be less stringent than the first draft; the phase out of cesspool usage; and the prohibition section of the letter.

Councilmember Black moved that the City Council receive and file the report from McGowan Consulting and approve the submittal of the comment letter, with the Mayor's signature, to the Regional Water Quality Control Board (RWQCB) commenting on the pending regional decision and urging the Regional Board to use extension of the current Memorandum Of Understanding (MOU) to allow the Los Angeles County Department of Mental Health (LACDPH) to continue issuing permits for septic tanks until the new Local Agency Management Plan (LAMP) takes effect and cities have an opportunity to adopt it. Councilmember Pieper seconded the motion and the

motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

B. REPORT ON FINANCE/BUDGET/AUDIT COMMITTEE RECOMMENDATIONS ON FINANCIAL AND INVESTMENT POLICIES AND SCHEDULE OF FEES AND CHARGES AND DISCUSSION OF FISCAL YEAR 2018/19 BUDGET PRIORITIES.

Interim City Manager Yolanta Schwartz provided a brief overview of the recommendations made by the Finance/Budget/Audit Committee to the proposed Fiscal Year 2018-2019 budget. Staff was directed to review the aforementioned policies as well as the City's fees and charges policies. The committee recommended the following changes: Section 1 - Financial Reporting Entity: to add Building and Safety next to the Planning and Zoning and Section 2 - Budget Policies: (Categories and Funds), to add Measure M to the list of Funds. It was also recommended that the fees and charges policies reduce the cost of building and mechanical permits from 2.5% to 2.25%.

Councilmember Black expressed concern with the City's surplus and indicated his interest in providing residents with reduction in fees.

The City Council further discussed the Investment Policy, the Financial, Budget and Debt Policies, fees/charges passed onto residents and an increase in subsidies which can assist in reduction of revenue.

Councilmember Dieringer stated concern that future laws established by the state may also have an impact on the City's surplus and that the City Council should also take that into consideration when reducing revenue in the following years.

Mayor Pro Tem Mirsch moved that the City Council reduce the multiplier from 2.50% to 2.25%. Councilmember Pieper seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Pieper, and Mirsch
NOES: COUNCILMEMBERS: Dieringer.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

Interim City Manager Yolanta Schwartz provided an overview of the Fiscal Year 2018/2019 Budget Priorities, and asked that the Council provide direction to staff as to what projects the City Council would like to add in preparation of the budget. The first item was the sewer line that was authorized by the Sewer Feasibility Study. The second and third items are interrelated which are the Hazard Mitigation Plan and the Safety Element of the General Plan which are mandated by the Hazard Mitigation Plan to be updated every five years.

Councilmember Dieringer pointed out that if the City does not have a Hazard Mitigation Plan/Safety Element in place, in the event of an earthquake, for example, the City would not be eligible for FEMA money. She inquired if the City has earthquake insurance.

Interim City Manager Schwartz responded no. She informed the Council that staff is looking into the cost and the item is due to come back before the Council on April 23 meeting. She also pointed out that this issue had not come up during past budget sessions.

Interim City Manager Schwartz went on to review the NPDES permit, issues with septic tanks regulations and the development of required tracking systems, as well as reviewing and monitoring an RFP for final design of the potential Torrance Regional Stormwater Infiltration project and other regional projects. Retain a Contract Project Manager for the Tennis Court improvement and sewer line construction projects. Professional Engineering Services (Willdan or other company on an as needed basis), to monitor/follow up on various public works projects (i.e. RPV landslide geological study and drainage/infiltration mitigation measures that include a recommendation for a sewer line and filling in canyons to lessen infiltration of water. The proposed mitigations may affect properties in RH; coordinate with and get information from LA County Public Works and LA County Flood Control District to ascertain location and responsibility for storm drains in the City; work with LACFCD to determine if the County's storm drains are inadequate for the watersheds they serve inspect the storm drains, map them and produce an informational flyer for residents; provide 3rd party certifications for construction projects, if so conditioned). Purchase of office equipment, such as computers, copier/scanner, office furniture, printer, IT services, funds for emergency preparedness, such as contributing to the Peninsula Prepared Expo. Interim City Manager Schwartz continued to review and identify budget priorities in no particular order. It was requested that the City Council review the priorities and consider additions, changes or modifications for preparation of the final proposed budget.

Interim City Manager Schwartz also wanted to request that the City Council consider setting aside funds for the following projects: Housing Element update along with an update to the General Plan, Municipal Code amendments, antiquated provisions, and compliance with State Laws and hiring additional staff. Amendments would require a contract with a specialized firm to review the entire Municipal Code for consistency between Chapters, identification of antiquated provisions, and compliance with State Laws.

Councilmember Pieper suggested hiring temporary help.

Mayor Pro Tem Mirsch concurred and stated that she was in support of the concept of a Project Manager and/or clerical help. She would like some expertise on staff, especially when it comes to project management.

Discussion ensued among the City Councilmember and they inquired about the construction of the sewer line to serve City Hall/RHCA complex and the cost; the Hazard Mitigation Plan and General Plan adoption; the City's commitment to the Tennis Court project; acceptance of grant funds; and the purchasing of Global Municipal Code amendments. The City Council decided to bring the budget items back to the City Council prior to June.

9. <u>MATTERS FROM THE CITY COUNCIL AND MEETING ATTENDANCE</u>

REPORTS

Councilmember Pieper inquired about assistance in dealing with coyotes and providing training to someone within the City that would be able to check coyote traps on a daily basis.

Mayor Wilson recommended that the City Council consider reciting the Pledge of Allegiance at the beginning of City Council meetings.

Mayor Pro Tem Mirsch asked about the May 10, 2018 City Council meeting and requested that if another meeting was necessary. She stated that coordination should already be taking place in order to have everyone place it on their calendar.

Councilmember Black shared discussions of the Mayor's Conference, including the idea of establishing a Peninsula-wide coyote management plan and the interest in making a more uniform benefits/retirement plan by other Peninsula Cities. He also requested that the Council direct staff to contact the other Peninsula Cities to let them know that there is interest from Rolling Hills for a Peninsula-wide coyote management and a uniform benefits/retirement plan and possibly form committees for both.

10. MATTERS FROM STAFF

A. FUTURE COMMUNITY WILDFIRE PROTECTION PLAN SEMINARS - ADVERTISEMENT (ORAL).

Interim City Manager Schwartz shared that the posters for fire prevention have not been effective and that staff is seeking direction from the City Council and additional funding for community outreach.

Councilmember Black made a motion to approve $475 in additional funding for posters to advertise future fire safety meetings. Councilmember Pieper seconded the motion and the motion carried without objection by a voice vote as follows:

AYES: COUNCILMEMBERS: Mayor Wilson, Black, Dieringer, Pieper, and Mirsch
NOES: COUNCILMEMBERS: None.
ABSENT: COUNCILMEMBERS: None.
ABSTAIN: COUNCILMEMBERS: None.

City Attorney Michael Jenkins provided a review of the CalWater settlement affecting some residents of the City; the number of appeals; and the results which fall within three categories. He also indicated that notices had been sent by staff to residents stating that there was still time to file appeals.

Acting Planning Director Stewart, also discussed a California Contract City's email regarding a motion made by the Board of Supervisor's that will address staffing issues at the Sheriff's Department and its request that City officials attend a meeting with the Board of Supervisors.

11. ADJOURNMENT

Hearing no further business before the City Council, Mayor Wilson adjourned the meeting at 9:25 p.m. The next regular meeting of the City Council is scheduled to be held on April 23, 20 beginning at 7:00 p.m. in the City Council Chamber at City Hall, 2 Portuguese Bend Road, Rolling Hills, California.

Respectfully submitted,

_____
Yohana Coronel, MBA
City Clerk

Approved,

_____
Pat Wilson
Mayor

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 4.B
Mtg. Date: 02/10/2020

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

FROM: **YOHANA CORONEL, CITY CLERK**

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

SUBJECT: **CONSIDER AND APPROVE RESOLUTION 1248: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AUTHORIZING THE DESTRUCTION OF CERTAIN CITY RECORDS AS PROVIDED BY SECTION 34090 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.**

DATE: **February 10, 2020**

BACKGROUND:

Government Code Section 34090 provides for the destruction of certain City records by resolution and the written consent of the City Attorney. It states "The head of a city department may destroy city record, document, instrument, book or paper, under his or her charge, without making a copy thereof, after the same is no longer required." This section does not authorize the destruction of:

a.) Records affecting the title to real property or liens thereon;

b.) Court records;

c.) Records required to be kept by statute;

d.) Records less than two years old; and

e.) Minutes, ordinances, or resolutions of the legislative body of a city board or commission.

Staff and the City Attorney have reviewed the records listed on Exhibit A of the attached Resolution No. 1248 and have determined that they are not among the above exceptions. Further, staff has reviewed the listed records to assure that they do not have any historical or research value to the City. Therefore, staff has determined that they are eligible for destruction. Similar action on older City records was taken by the City Council on January 13, 2020 by the adoption of Resolution No. 1247.

It is recommended that members of the City Council adopt Resolution No. 1248 authorizing the destruction of certain City records as provided by Section 34070 of the Government Code of the State of California.

DISCUSSION:
NONE.

RECOMMENDATION:
APPROVE AS PRESENTED.

ATTACHMENTS:

Attch01_Records Destruction Authorization Form_FINANCE
Attch02_Resolution Approving Destruction Of Records

City of Rolling Hills INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD
ROLLING HILLS, CA 90274
(310) 377-1521
FAX (310) 377-7288

RECORDS DESTRUCTION AUTHORIZATION FORM

The records listed below (or on the attached list) are scheduled for destruction as indicated on the Records Retention Schedule.

The records are not the subject of any claim, litigation, investigation or audit.

(List records below or attach list)

FILE #	RECORD DESCRIPTION	START DATE	END DATE	BOX #	RETENTION #	RET. PERIOD
	Cash Receipt Books	5-1-1961	7-6-1966	1	FN-013	5 Years
	Cash Receipt Books	8-26-1970	7-13-1973	1	FN-013	5 Years
	Cash Receipt Books	7-16-1973	8-11-1975	1	FN-013	5 Years
	Cash Receipt Books	7-6-1966	8-21-1970	1	FN-013	5 Years
	Checks Cashed	7-1-1999	6-29-2001	1	FN-015	5 Years
	Personnel Files	5-1-1979	12-1987	1	HR-010	Sep+30 yrs.
	Cash Receipt Books	8-13-1975	12-15-1975	1	FN-013	5 Years
	A/P Invoices for Projects	4-30-1968	10-25-1993	1	FN-009	5 Years
	A/P Invoices for Projects	4-30-1968	10-25-1993	2	FN-009	5 Years
	Posted Journal Entries	2006	2007	2	FN-021	5 Years

⑥ Shredding Required (Documents contain private information.)

LIST OF DOCUMENTS HAS BEEN REVIEWED AND APPROVED FOR DESTRUCTION:

_____ _____
Department Manager Date

_____ _____
City Clerk Date

_____ _____
City Attorney Date

(To be completed by the City Clerk after destruction has been performed, if done by City Employee. If destruction is performed by a commercial vendor, certificate to be provided by the vendor.)

I HEREBY CERTIFY that the items listed above (or attached) have been destroyed in accordance with City policies and procedures:

_____ _____
City Clerk Date

FILE #	RECORD DESCRIPTION	START DATE	END DATE	BOX #	RETENTION #	RET. PERIOD
	Posted Journal Entries	7-1-1997	6-30-1998	2	FN-021	5 Years
	Posted Journal Entries	7-1-1999	6-30-2001	2	FN-021	5 Years
	Posted Journal Entries	2007	2008	2	FN-021	5 Years
	Job Applications	4-1990	5-1990	2	HR-012	H+3 Years
	Job Applications	4-1990	5-1990	3	HR-012	H+3 Years
	Cancelled Checks/Bank Statements	7-1992	6-1999	4	FN-012	5 Years
	State Controller Reports	FY1971/72	FY1990/91	5	FN-023	5 Years
	Cancelled Checks	12-2008	11-2009	3	FN-015	5 Years
	Payroll Reports & JE	2015	2015	3	FN029/21	5 Years
	Nationwide Investment Reports	4-1-2013	6-30-2014	3	FN-026	5 Years
	Nationwide Deferred Comp Statements	4-1-2008	12-31-2012	3	FN-026	5 Years
	PESCO Deferred Comp Stmts	7-1-2000	6-30-2008	3	FN-026	5 Years
	Benefit Plan Documents	1992	2011	3	HR-001	6 Years
	Direct Assessment Tapes	7-18-1992	7-20-1992	3	FN-023	5 Years
	Direct Assessment Tapes.	8-24-1983	8-24-1983	3	FN-023	5 Years
	CLEEP Info.	4-9-1997	11-15-2007	6	FN-022	5 Years
	AQMD Block Grant	6-28-2005	3-7-2008	6	FN-022	5 Years
	Prop. 1B-Local Street & Road Maint.	9-2007	4-2018	6	FN-022	5 Years
	General Ledger	FY85/86	FY87/88	7	FN-022	5 Years
	General Ledger	FY84/85	FY88/89	8	FN-022	5 Years
	Compensation Study	FY2007	FY2008	6	FN-022	5 Years
	State Controller Reports	2011	2014	6	FN-023	5 Years
	Public Safety Augmentation Fund	9-1998	10-2010	6	FN-022	5 Years
	Prop A, Prop C & Measure R Reporting	FY07/08	FY12/13	6	FN-022	5 Years
	Financial Statements	2009	2010	6	FN-012	5 Years
	Closing Fin. Record	2009	2010	6	FN-022	5 Years
	Council Check Register	FY2009	FY2010	6	FN-014	5 Years
	CETA Expired Grant Program	FY79/80/81	Fy79/80/81	9	FN-022	5 Years
	Co. of. L.A. Contract Law Rate	1996	2001	6	FN-022	5 Years
	Rental Value Study	8-10-2003	8-10-2003	6	FN-022	5 Years
	State Controller Cost Manual	5-10-1993	1-12-2004	6	FN-023	5 Years
	Extra Copies of LSL Fin. Stmts.	7-1-2017	6-30-2018	6	FN-012	5 Years
	COPS Program	9-19-1996	9-5-2008	10	FN-003	5 Years
	OPEB & GASB 45	2008	2010	10	FN-022	5 Years
	JPIA	2-2-1999	3-14-2012	10	FN-022	5 Years

FILE #	RECORD DESCRIPTION	START DATE	END DATE	BOX #	RETENTION #	RET. PERIOD
	Cash Receipts	7-1-2007	6-30-2008	11	FN-013	5 Years
	Cash Receipts	7-1-2008	6-30-2009	11	FN-013	5 Years
	Accounts Payable	7-1-2007	6-30-2008	11	FN-009	5 Years
	Monthly Journals	7-1-2007	6-30-2008	11	FN-021	5 Years
	Monthly Journals	7-1-2008	6-30-2009	11	FN-021	5 Years
	Monthly Journals	7-1-2008	6-30-2009	11	FN-021	5 Years
	Cash Receipts	7-1-2008	6-30-2009	11	FN-013	5 Years
	RHCA Items for City Hall	FY06/07	FY06/07	10	FN-022	5 Years
	The City Treasurer of the Law	N/A	N/A	10	FN-022	5 Years
	Underground Project	2010	2010	10	FN-022	5 Years
	Landslide Project Map	2002	2002	10	FN-022	5 Years
	JPIA	2010	2010	10	FN-022	5 Years
	Master Forms	2012	2012	10	FN-022	5 Years
	JPIA	2009	2009	10	FN-022	5 Years
	Co. of L.A. External Reports	2007	2007	10	FN-022	5 Years

RESOLUTION NO. 1248

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AUTHORIZING THE DESTRUCTION OF CERTAIN CITY RECORDS AS PROVIDED BY SECTION 34090 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.

WHEREAS, the keeping of numerous records after a certain length of time is not necessary for the effective and efficient operation of the government of the City of Rolling Hills; and

WHEREAS, Section 34090 of the Government Code of the State of California provides a procedure whereby any City record which has served its purpose and is no longer required may be destroyed.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROLLING HILLS DOES RESOLVE AS FOLLOWS:

Section 1. The records of the City of Rolling Hills as set forth in the attached Destruction of Records Schedule attached hereto as Exhibit "A" are hereby authorized to be destroyed as provided by Section 34090 of the Government Code.

Section 2. The provisions of Section 1 above do not authorize the destruction of:

a) Records affecting the title to real property or liens thereon.
b) Court records.
c) Records required to be kept by statute.
d) Records less than two years old.
e) Minutes, ordinances, or resolutions of the legislative body or a city board or commission.

Section 3. The written consent of the City Attorney has been obtained for this destruction.

PASSED, APPROVED AND ADOPTED this 10th day of February, 2020.

_____
LEAH MIRSCH
MAYOR

ATTEST:

_____
YOHANA CORONEL
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) §§
CITY OF ROLLING HILLS)

I certify that the foregoing Resolution No. 1248 entitled:

> A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AUTHORIZING THE DESTRUCTION OF CERTAIN CITY RECORDS AS PROVIDED BY SECTION 34090 OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.

was approved and adopted at a regular meeting of the City Council on February 10, 2020 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
YOHANA CORONEL
CITY CLERK

CONSENT TO DESTRUCTION OF RECORDS

The undersigned, City Attorney for the City of Rolling Hills hereby consents to the destruction of the records of the City of Rolling Hills as set forth in the attached Destruction of Records Schedule attached hereto as Exhibit “A” as provided by Section 34090 of the Government Code.

Dated _____

_____
MICHAEL JENKINS
CITY ATTORNEY

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 4.C
Mtg. Date: 02/10/2020

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

FROM: **ELAINE JENG, CITY MANAGER**

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

SUBJECT: **CONSIDER AND APPROVE RESOLUTION NO 1249 THAT SUPPORTS THE RECOMMENDATION BY THE PERSONNEL COMMITTEE TO ADJUST THE MAXIMUM CITY CONTRIBUTION TO EMPLOYEE HEALTH INSURANCE PREMIUMS FOR CALENDAR YEAR 2020 THROUGH 2024.**

DATE: **February 10, 2020**

BACKGROUND:

On January 27, 2020, the City Council considered and approved the recommendations by the Personnel Committee to adjust the maximum city contribution to employee health insurance premiums (medical, dental and vision) for calendar years 2020 – 2024. Attached to this report is the January 27, 2020 staff report for reference.

DISCUSSION:

The City Council's action from the January 27, 2020 meeting is memorialized in Resolution No. 1249, increasing the City's contribution to employee medical, dental, and vision insurance premiums and amending the employee handbook and personnel policy manual accordingly. Resolution No. 1249 rescinds Resolution No. 1181.

RECOMMENDATION:

IT IS RECOMMENDED THAT THE CITY COUNCIL CONSIDER AND APPROVE RESOLUTION NO. 1249, WHICH SUPPORTS THE PERSONNEL COMMITTEE'S RECOMMENDATIONS AS FOLLOWS:

- INCREASE THE CITY'S CURRENT MAXIMUM MONTHLY CONTRIBUTION AMOUNTS FOR EMPLOYEE HEALTH INSURANCE PREMIUM (CONTRIBUTION CAP) FOR CALENDAR YEAR 2020 BY 1%.
- NO INCREASE TO THE CONTRIBUTION CAP FOR CALENDAR YEARS 2021, 2022, 2023
- BEGINNING CALENDAR YEAR 2024, INCREASE CONTRIBUTION CAP BY 2%

ATTACHMENTS:

Resolution No. 1249_Feb10th.DOCX
StaffRpt_HealthInsPrem_Jan27th.pdf
Resolution No. 1181_Jan27th.pdf

RESOLUTION NO. 1249

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA INCREASING THE CITY'S CONTRIBUTION TO EMPLOYEE MEDICAL, DENTAL, AND VISION INSURANCE PREMIUMS AND AMENDING THE EMPLOYEE HANDBOOK AND PERSONNEL POLICY MANUAL ACCORDINGLY

A. The City maintains an employee handbook and personnel policy manual that governs the City's relations with its employees; and

B. The City Council adopts resolutions amending the employee handbook and personnel policy manual related to compensation and benefits affecting its employees; and

C. On November 23, 2015, the City Council adopted Resolution No. 1181 limiting the City's contributions to employee medical, dental, and vision insurance premiums; and

D. The City Council wishes to alter its contributions to employee medical, dental, and vision insurance premiums by increasing the City's current maximum monthly contribution by one percent for each policy for calendar year 2020, maintaining the City's contribution to each policy for calendar years 2021, 2022, and 2023, and increasing the City's contribution to each policy by two percent for calendar year 2024; and

E. The City Council Personnel Committee, Finance Director, and City Manager recommend these changes to the employee handbook and personnel policy manual.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA, DOES RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. Subdivision (b) of Section 2 (Health and Life Insurance) of Chapter VI (Benefits) of the employee handbook and personnel policy manual is amended as follows:

(b) The City of Rolling Hills provides 100% of the single-party premium for health, dental, and vision insurance, inclusive of prescription drug coverages within the health plans, of each Regular employee who has successfully completed their probationary period. The City will pay 80% of the premium for the eligible dependents of Regular employees. Such City contributions shall be limited as follows:

1. Calendar Years 2020, 2021, 2022, and 2023 Insurance Premium Caps:

The City limits its monthly contribution to employee insurance premiums as follows: 1) health insurance: up to a maximum of $1,658.42; 2) dental insurance: up to a maximum of $204.02; 3) vision insurance: up to a maximum of $30.30.

2. Calendar Year 2024 and Beyond Insurance Premium Caps:

The City limits its monthly contribution to employee insurance premiums as follows: 1) health insurance: up to a maximum of $1,691.59; 2) dental insurance: up to a maximum of $208.10; 3) vision insurance: up to a maximum of $30.91.

SECTION 2. This resolution rescinds Resolution No. 1181 of the City Council of the City of Rolling Hills, California.

SECTION 3. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED, AND ADOPTED this 10th day of February, 2020.

_____
LEAH MIRSCH
MAYOR

ATTEST:

_____
YOHANA CORONEL
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF ROLLING HILLS)

The foregoing Resolution No. 1249 entitled:

> A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS, CALIFORNIA INCREASING THE CITY'S CONTRIBUTION TO EMPLOYEE MEDICAL, DENTAL, AND VISION INSURANCE PREMIUMS AND AMENDING THE EMPLOYEE HANDBOOK AND PERSONNEL POLICY MANUAL ACCORDINGLY

was approved and adopted at a regular meeting of the City Council on the __ day of _____, 2020 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
YOHANA CORONEL
CITY CLERK

City of Rolling Hills INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD
ROLLING HILLS, CA 90274
(310) 377-1521
FAX (310) 377-7288

Agenda Item No: #X
Mtg. Date: 01/27/20

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

FROM **ELAINE JENG, CITY MANAGER**

SUBJECT: **CONSIDER AND APPROVE RECOMMENDATIONS BY THE PERSONNEL COMMITTEE TO ADJUST THE MAXIMUM CITY CONTRIBUTION TO EMPLOYEE HEALTH INSURANCE PREMIMUMS FOR CALENDAR YEAR 2020 AND BEYOND**

DATE: **JANUARY 27, 2020**

ATTACHMENTS:

1. **RESOLUTION 1181**
2. **2015 CalPERS HELATH INSURANCE PREMIUM RATES**
3. **2020 CalPERS HEALTH INSURANCE PREMIUM RATES**
4. **2020CalPERS DENTAL AND VISION INSURANCE PREMIUM RATES**

RECOMMENDATION

It is recommended that the City Council consider and approve the Personnel Committee's recommendations as follows:

- Increase the City's current maximum monthly contribution amounts for employee health insurance premiums (Contribution Cap) for calendar year 2020 by 1%
- No increases to the Contribution Cap for calendar years 2021, 2022, 2023
- Beginning calendar year 2024, increase Contribution Cap by 2%
- After calendar year 2024, increase Contribution Cap every three years

BACKGROUND

On November 23, 2015, the City Council adopted Resolution No. 1181 limiting the City's contribution to employee medical, dental and vision insurance premium costs and to update the employee handbook and personnel policy manual accordingly.

In the resolution, an insurance premium cap amount that reflects the City's contribution to an employee's insurance premium amounts was established for medical, dental, and vision plans. The resolution states that the City shall pay 100% of the employee's single-party premium and pay 80% of the medical premium for an employee's eligible dependents.

The monthly cap amount for the City's contribution towards an employee's medical insurance premium was set at $1,642, which was based on CalPERS 2015 health insurance rates for family coverage under the Anthem Traditional HMO Plan. The monthly cap amount for dental family insurance premium was set at $202, under the Met Life DPPO plan. The monthly cap amount for vision family insurance premium was set at $30, under the VSP plan.

Since 2015, the City has not adjusted the amounts the City contributes towards an employee's health insurance premium plans.

DISCUSSION

Resolution 1181 established the health insurance premium cap, effective January 1, 2016. The resolution also required that the City Council Personnel Committee review the health insurance premiums each year to determine adjustments to the health insurance premium cap limits due to market forces in the insurance field or to stay competitive with similar municipal government benefits coverage for employees.

The Personnel Committee did not meet annually as prescribed in the resolution. The City's current contribution to employees' health insurance premium amounts reflect 2015 CalPERS rates, which are shown in the chart below:

2015 CalPERS Health Rates

Coverage Type	Insurance Provider	Maximum City Contribution (Family Rate)
Health	Anthem Traditional HMO	$1,642
Dental	Met Life DPPO	$202
Vision	VSP	$30

Since 2015, health insurance cost have increased proportionally and provided below are the new 2020 CalPERS health insurance premium amounts for the coverage plans set by Resolution 1181:

2020 CalPERS Health Rates

Coverage Type	Insurance Provider	Family Rate
Health	Anthem Traditional HMO	$2,346.84
Dental	Met Life DPPO	$222.01
Vision	VSP	$32.13

The Personnel Committee met on Wednesday, January 22, 2020 and reviewed health insurance premiums and employer contributions for six cities: Hermosa Beach, Carson, Rolling Hills Estates, Palos Verdes Estates, Bradbury and Hidden Hills. Having consideration for the lack of

adjustments the City's contribution amount, the increases in health care cost over the last five years, and to stay competitive with similar municipal government practices, the Personnel Committee recommends that the City Council consider increasing the City's maximum monthly contribution amounts for employee health insurance premiums by 1% for calendar year 2020. The 80% of the City's contribution towards the premium for an employee's eligible dependents, shall remain the same.

Recommended 1% adjustment to current Contribution Cap

Coverage Type	Insurance Provider	Current Maximum City Contribution (Family Rate)	City Contribution with 1% adjustment
Health	Anthem Traditional HMO	$1,642	$1,658.42
Dental	Met Life DPPO	$202	$204.02
Vision	VSP	$30	$30.30

The Personnel Committee is also recommending an adjustment schedule for the City's maximum contribution to the employees' health insurance premiums beyond calendar year 2020 as follows:

Coverage Type	Maximum City Contribution (Family Rate) for calendar year 2020 – 1% increase	Maximum City Contribution (Family Rate) for calendar year 2021, 2022, 2023 – 0% increase	Maximum City Contribution (Family Rate) for calendar year 2024 – 2% increase
Health	$1,658.42	$1,658.42	$1,691.59
Dental	$204.02	$204.02	$208.10
Vision	$30.30	$30.30	$30.91

FISCAL IMPACT

Currently only one City employee has a health care plan that exceeds the City's cap amount of $1,642 per month.

With the current situation, if the cap is raised to reflect the 2020 CalPERS Health Premium rate of $2,346.84, the City would incur an additional City contribution of $1,025 per year. If the cap is raised to $2,346.84 per month and each employee opted to choose a new plan that is equal to or exceeds the cap amount, the City would incur an additional City contribution of $704.84 per month per employee or $33,832.32 in total per year for the four employees who participate in the City's health care plan.

If the cap for Dental Insurance is raised to $222.01 from $202, the City would incur an additional City contribution of $1,440 per year for all employees. If the cap for Vision

Insurance is raised to $32.12 from $30.00, the City would incur an additional City contribution of $152.64 per year for all employees.

CONCLUSION

Staff recommends City Council consider and approve the Personnel Committee's recommendations to adjust the City's maximum contribution to employees' health insurance premiums.

RESOLUTION NO. 1181

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS LIMITING THE CITY'S CONTRIBUTION TO EMPLOYEE MEDICAL, DENTAL AND VISION INSURANCE PREMIUM COSTS AND UPDATING THE EMPLOYEE HANDBOOK AND PERSONNEL POLICY MANUAL ACCORDINGLY.

WHEREAS, the City maintains personnel policies to govern the City's relations with its employees; and

WHEREAS, the City Council adopts Resolutions amending the personnel policies related to compensation and benefits affecting its employees; and

WHEREAS, the City Council wishes to limit the City's contributions for employee medical, dental and medical insurance premiums; and

WHERES, the City Council Personnel Committee, Finance Director and City Manager recommend these changes to the benefits, compensation and other personnel policies.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROLLING HILLS DOES HEREBY FIND, ORDER AND RESOLVE AS FOLLOWS:

Section 1. The employee benefits other personnel policies are amended as follows:

A. Insurance Premium Cap--a cap limiting the City's contribution to medical insurance premiums up to a maximum monthly family premium of $1,642 based on the 2015 rate for the Anthem Traditional HMO plan. Furthermore, a cap limiting the City's contribution to dental insurance premiums up to a maximum monthly family premium of $202 based on the 2015 rate for the Met Life DPPO plan. Finally, a cap limiting the City's contribution to vision insurance premiums up to a maximum monthly family premium of $30 based on the 2015 rate for the VSP plan. These caps will be effective on January 1, 2016 and will be reviewed each year by the Personnel Committee to determine if it wants to recommend to the City Council any changes due to market forces in the insurance field or to stay competitive with similar municipal government benefits concerning employee premium coverage for medical, dental and vision insurance.

B. Employee Handbook and Personnel Policy Changes:

1. To include reference that the medical, dental and vision insurance cap that the City is implementing applies to all employees in the Employee Handbook.

Section 2. The City Clerk is directed to certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 23rd day of November, 2015.

JEFF PIEPER
MAYOR

ATTEST:

HEIDI LUCE
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF ROLLING HILLS)

I certify that the foregoing Resolution No. 1181 entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS LIMITING THE CITY'S CONTRIBUTION TO EMPLOYEE MEDICAL, DENTAL AND VISION INSURANCE PREMIUM COSTS AND UPDATING THE EMPLOYEE HANDBOOK AND PERSONNEL POLICY MANUAL ACCORDINGLY.

was approved and adopted at a regular meeting of the City Council on November 23, 2015, by the following roll call vote:

AYES: Councilmembers Black, Dieringer, Mirsch, Wilson and Mayor Pieper.

NOES: None.

ABSENT: None.

ABSTAIN: None.

and in compliance with the laws of California was posted at the following:

Administrative Offices

Heidi Luce

HEIDI LUCE
CITY CLERK

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 4.D
Mtg. Date: 02/10/2020

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

FROM: **CONNIE VIRAMONTES , ADMINISTRATIVE ASSISTANT**

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

SUBJECT: **PAYMENT OF BILLS.**

DATE: **February 10, 2020**

BACKGROUND:
NONE.

DISCUSSION:
NONE.

RECOMMENDATION:
APPROVE AS PRESENTED.

ATTACHMENTS:

Payment of Bills.pdf

CITY OF ROLLING HILLS

2/10/2020 CHECK RUN A

CHECK NO.	CHECK DATE	PAYEE	DESCRIPTION	AMOUNT
26273	2/4/2019	Abila	September and October 20119 Services	350.00
26274	2/4/2020	ALAN PALERMO CONSULTING	10/27/19 TO 2/1/2020 - CIP PROJECT MANAGEMENT	8,080.00
26275	2/4/2020	California Water Service Co.	WATER USAGE 12/27/19 TO 1/27/20	465.21
26276	2/4/2020	Cox Communications	JAN 26, 2020 - FEB 25, 2020 CHARGES	420.47
26277	2/4/2020	Executive Suite Services Inc.	JANUARY 2020 JANITORIAL SERVICES	750.00
26278	2/4/2020	County of Los Angeles	DECEMBER 2019 SERVICES	616.99
26279	2/4/2020	County of Los Angeles	NOVEMBER 2019 -BUILDING AND SAFETY SERVICES	217.66
26280	2/2/2020	McGowan Consulting	DECEMBER 2019 SERVICES	1,669.30
26281	2/4/2020	NV5, INC.	DECEMBER 2019 SERVICES - EASTFIELD UNDERGROUND PROJECT	2,087.50
26282	2/4/2020	Pitney Bowes	JANUARY 2020 POSTAGE	563.30
26283	2/4/2020	Palos Verdes Peninsula Unified School District	BUSINESS CARDS - ALVARADO & GRANT	181.77
26284	2/4/2020	City of Rancho Palos Verdes	Nov & DECEMBER 2019- 7% ALRP CAMERA CONNECTIVITY COST	133.04
26285	2/4/2020	USCM	DEFERRED COMPENSATION 1/31/20	50.00
26286	2/4/2020	Vantagepoint Transfer Agents - 306580	DEFERRED COMPENSATION - 1/31/20	926.13
PR LINK	1/31/2020	PR LINK - PAYROLL PROCESSING	PROCESSING FEE	56.40
PR LINK	1/31/2020	PR LINK - PAYROLL 1 & PR TAXES	PAY PERIOD - DECEMBER 18, 2019 THROUGH DECEMBER 31, 2019	21,946.49
				38,514.26
				16,511.37

I, Elaine Jeng, City Manager of Rolling Hills, California certify that the above demands are accurate and there is available in the General Fund a balance of $38,514.26 or the payment of above items.

Elaine Jeng, P.E., City Manager

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 6.A
Mtg. Date: 02/10/2020

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

FROM: **MEREDITH ELGUIRA, PLANNING DIRECTOR**

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

SUBJECT: **CONSIDER AND APPROVE ADOPTION OF AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINE THE ORDINANCE TO BE EXEMPT FROM CEQA AND INTRODUCE AND APPROVE A NON-URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINE THE ORDINANCE TO BE EXEMPT FROM CEQA.**

DATE: **February 10, 2020**

BACKGROUND:

On January 21, 2020, the City of Rolling Hills Planning Commission heard and recommended for the City Council to consider and approve the proposed ordinance that amends Chapter 17.28 of the City of Rolling Hills Municipal Code to impose new limits on local authority to regulate Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) in compliance with the provisions of Government Code sections 65852.2 and 65852.22 as amended by recently approved legislation that took effect on January 1, 2020.

In 2019, the California Legislature approved, and the Governor signed into law a number

of bills ("New ADU Laws") that, among other things, amended Government Code section 65852.2 and 65852.22 to impose new limits on local authority to regulate ADUs and JADUs. The New ADU Laws took effect on January 1, 2020, and if the City's ADU Ordinance did not comply with the New ADU Laws, the City's Ordinance became null and void on that date as a matter of law.

The proposed ordinance amends the City's local regulatory scheme for the construction of ADUs and JADUs to comply with the amended provisions of Government Code sections 65852.2 and 65852.22.

Failure to comply with Government Code sections 65852.2 and 65852.22 (as amended) as of January 1, 2020 renders the City's Ordinance regulating ADUs and JADUs null and void, thereby limiting the City to the application of the few default standards provided in Government Code sections 65852.2 and 65852.22 for the approval of ADUs and JADUs. The approval of ADUs and JADUs based solely on the default statutory standards, without local regulations governing height, setback, landscape, architectural review, among other things, would threaten the character of existing neighborhoods, and negatively impact property values, personal privacy, and fire safety.

The attached draft Ordinances (with Exhibit A to the Ordinance) include changes to the City of Rolling Hills Municipal Code Chapter 17.28 substantially in the form attached.

The ADU code amendments are proposed for adoption by both Urgency Ordinance, in accordance with Government Code section 36937, subdivision (b), and, in parallel, by Non-urgency Ordinance. The Urgency Ordinance takes effect immediately upon its adoption and the Non-urgency Ordinance will take effect 30 days following its adoption.

DISCUSSION:

ENVIRONMENTAL REVIEW

Under California Public Resources Code section 21080.17, the California Environmental Quality Act ("CEQA") does not apply to the adoption of an ordinance by a city or county implementing the provisions of section 65852.2 of the Government Code, which is California's ADU law and which also regulates JADUs, as defined by section 65852.22. Therefore, the proposed ordinance is statutorily exempt from CEQA in that the proposed ordinance implements the State's ADU law.

In addition to being statutorily exempt from CEQA, the proposed ordinance is also categorically exempt from CEQA under the Class 3 exemption set forth in State CEQA Guidelines section 15303. The Class 3 exemption categorically exempts from CEQA, among other things, the construction and location of new, small structures and the conversion of existing small structures from one use to another. Section 15303 specifically lists the construction of appurtenant accessory structures and garages as

examples of activity that expressly falls within this exemption. Here, the ordinance is categorically exempt under the Class 3 exemption because the ordinance regulates the conversion of existing structures into, and the new construction of, ADUs and JADUs, which are, by definition, structures that are accessory to a primary dwelling on the lot. Moreover, the City Council finds that none of the "exceptions" to the use of the Class 3 exemption, set forth in State CEQA Guidelines section 15300.2, apply here. Specifically, the City Council finds that the Ordinance will:

- Not result in the construction of ADUs or JADUs within a particularly sensitive environment because these accessory structures will necessarily be built on a lot already developed with a primary dwelling;
- Not result in a potentially significant cumulative impact because the City is designated for residential development and recreational uses with the exception of City Hall Campus, LACoFD Station No. 56, Rancho Del Mar High School, and guard gates;
- Not result in a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances because these accessory structures will necessarily be built on an already developed lots with existing structures;
- Not result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. The mainly City consists of single family residential development. The highways nearest to the City are California State Route (SR) 1 (Pacific Coast Highway) and SR 213 (Western), these highways are not designated as state scenic highways and the segments near the City are not eligible for designation as state scenic highways. The City's General Plan does not identify any local scenic roadways in the City;
- Not be located on a hazardous waste site included on any list compiled pursuant to § 65962.5 of the Government Code. The City is not located on or directly adjacent to any known hazardous or contaminated sites; or
- Not result in a substantial adverse change in the significance of a historical resource. The proposed Ordinance will not have a significant impact to historical resources because there are no listed historic buildings within the City boundaries.

PUBLIC NOTICING

In accordance with the requirements of Government Code section 65090, this item has been noticed in a newspaper of general circulation as of January 23, 2020. In addition, on February 7, 2020 public notices were posted at 2 Portuguese Bend Road, Rolling Hills, CA 90274.

RECOMMENDATIONS

Recommend that the City Council of the City of Rolling Hills adopt both Non-urgency Ordinance No. 364 and Urgency Ordinance No. 364-U amending Section 17.28 of the

City of Rolling Hills Municipal Code relating to Accessory Dwelling Units and Junior Accessory Dwelling Units and determining the Ordinance to be exempt from CEQA.

RECOMMENDATION:
IT IS RECOMMENDED THAT THE CITY COUNCIL TAKE THE FOLLOWING ACTIONS:

(1) WAIVE FULL READING AND ADOPT URGENCY ORDINANCE NO. 364U:
AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

(2) CONDUCT PUBLIC HEARING.

(3) INTRODUCE AND APPROVE ON FIRST READING NON-URGENCY ORDINANCE NO. 364:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

(4) DIRECT STAFF TO SCHEDULE A SECOND READING FOR FEBRUARY 24, 2020 CITY COUNCIL MEETING.

ATTACHMENTS:

Item6A_Attch1_ADU Non-urgency Ord. 364.pdf
Item6A_Attch2_ADU Urgency Ord. 364U.pdf
Item6A_Attch3_PC StaffRpt.01.21.20.pdf

ORDINANCE NO. 364

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

WHEREAS, the City of Rolling Hills, California ("City") is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, the Planning and Zoning Law authorizes cities to act by ordinance to provide for the creation and regulation of accessory dwelling units ("ADUs") and junior accessory dwelling units ("JADUs"); and

WHEREAS, in 2019, the California Legislature approved, and the Governor signed into law a number of bills ("New ADU Laws") that, among other things, amended Government Code section 65852.2 and 65852.22 to impose new limits on local authority to regulate ADUs and JADUs; and

WHEREAS, the New ADU Laws took effect January 1, 2020, and because the City's ADU ordinance did not comply with the New ADU Laws, the City's ordinance became null and void on that date as a matter of law, thereby limiting the City to the application of the few default standards provided in Government Code sections 65852.2 and 65852.22 for the approval of ADUs and JADUs; and

WHEREAS, the approval of ADUs and JADUs based solely on the default statutory standards, without local regulations governing height, setback, landscape, architectural review, among other things, threatens the character of existing neighborhoods and negatively impacts property values, personal privacy, and fire safety.

WHEREAS, the City desires to amend its local regulatory scheme for the construction and use of ADUs and JADUs to comply with the amended provisions of Government Code sections 65852.2 and 65852.22; and

WHEREAS, the City Council has reviewed and considered the public testimony and agenda reports prepared in connection with this ordinance, including the policy considerations discussed therein, and the consideration and recommendation by the City's Planning Commission and proposed amendments as presented by staff; and

WHEREAS, in accordance with the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.) ("CEQA") and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), the City has determined that the revisions to the Rolling Hills Municipal Code are exempt from environmental review.

NOW, THEREFORE, the City Council of the City of Rolling Hills does ordain as follows:

Section 1. The recitals above are each incorporated by reference and adopted as findings by the City Council.

Section 2. Under California Public Resources Code section 21080.17, the California Environmental Quality Act ("CEQA") does not apply to the adoption of an ordinance by a city or county implementing the provisions of section 65852.2 of the Government Code, which is California's ADU law and which also regulates JADUs, as defined by section 65852.22. Therefore, the proposed ordinance is statutorily exempt from CEQA in that the proposed ordinance implements the State's ADU law.

In addition to being statutorily exempt from CEQA, the proposed ordinance is also categorically exempt from CEQA under the Class 3 exemption set forth in State CEQA Guidelines section 15303. The Class 3 exemption categorically exempts from CEQA, among other things, the construction and location of new, small structures and the conversion of existing small structures from one use to another. Section 15303 specifically lists the construction of appurtenant accessory structures and garages as examples of activity that expressly falls within this exemption. Here, the ordinance is categorically exempt under the Class 3 exemption because the ordinance regulates the conversion of existing structures into, and the new construction of, ADUs and JADUs, which are, by definition, structures that are accessory to a primary dwelling on the lot. Moreover, the City Council finds that none of the "exceptions" to the use of the Class 3 exemption, set forth in State CEQA Guidelines section 15300.2, apply here. Specifically, the City Council finds that the ordinance will:

(1) Not result in the construction of ADUs or JADUs within a particularly sensitive environment because these accessory structures will necessarily be built on a lot already developed with a primary dwelling;

(2) Not result in a potentially significant cumulative impact because the City is designated for residential development and recreational uses with the exception of City Hall Campus, LACoFD Station No. 56, Rancho Del Mar High School, and guard gates;

(3) Not result in a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances because these accessory structures will necessarily be built on an already developed lots with existing structures;

(4) Not result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. The mainly City consists of single family residential development. The highways nearest to the City are California State Route (SR) 1 (Pacific Coast Highway) and SR 213 (Western), these highways are not designated as state scenic highways and the segments near the City are not eligible for designation as state scenic highways. The City's General Plan does not identify any local scenic roadways in the City;

(5) Not be located on a hazardous waste site included on any list compiled pursuant to § 65962.5 of the Government Code. The City is not located on or directly adjacent to any known hazardous or contaminated sites; or

(6) Not result in a substantial adverse change in the significance of a historical resource. The proposed Ordinance will not have a significant impact to historical resources because there are no listed historic buildings within the City boundaries.

Section 3. Chapter 17.28 of the Rolling Hills Municipal Code is hereby amended and restated as provided in Exhibit "A", attached hereto and incorporated herein by reference.

Section 4. This ordinance takes effect 30 days following its adoption.

Section 5. The City Clerk shall either: (a) have this ordinance published in a newspaper of general circulation within 15 days after its adoption or (b) have a summary of this ordinance published twice in a newspaper of general circulation, once five days before its adoption and again within 15 days after its adoption.

Section 6. The City Clerk shall submit a copy of this ordinance to the Department of Housing and Community Development within 60 days after adoption.

Section 7. The City Council hereby directs staff to prepare, execute and file with the Los Angeles County Clerk a Notice of Exemption within five working days of first reading of this ordinance.

Section 8. If any provision of this ordinance or its application to any person or circumstance is held to be invalid, such invalidity has no effect on the other provisions or applications of the ordinance that can be given effect without the invalid provision or application, and to this extent, the provisions of this resolution are severable. The City Council declares that it would have adopted this resolution irrespective of the invalidity of any portion thereof.

Section 9. The documents and materials that constitute the record of proceedings on which this Ordinance and the above findings have been based are located at City Hall.

PASSED, APPROVED AND ADOPTED by the City Council of the Rolling Hills, California, at a regular meeting of the City Council held on the 10th day of February, 2020 by the following vote:

_____
LEAH MIRSCH
MAYOR

ATTEST:

_____
YOHANA CORONEL
CITY CLERK

EXHIBIT A

Amendments to Municipal Code

(follows this page)

Chapter 17.28 Accessory Dwelling Units and Junior Accessory Dwelling Units

Section 17.28.010. Purpose.

The purpose of this section is to allow and regulate accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) in compliance with California Government Code sections 65852.2 and 65852.22.

Section 17.28.020. Effect of Conforming.

An ADU or JADU that conforms to the standards in this section will not be:

A. Deemed to be inconsistent with the City's General Plan and Zoning designation for the lot on which the ADU or JADU is located.

B. Deemed to exceed the allowable density for the lot on which the ADU or JADU is located.

C. Considered in the application of any local ordinance, policy, or program to limit residential growth.

D. Required to correct a nonconforming zoning condition, as defined in Section 17.28.030.G below. This does not prevent the City from enforcing compliance with applicable building standards in accordance with Health and Safety Code section 17980.12.

Section 17.28.030. Definitions.

As used in this section, terms are defined as follows:

A. "Accessory dwelling unit" or "ADU" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. An accessory dwelling unit also includes the following:

1. An efficiency unit, as defined by Section 17958.1 of the California Health and Safety Code; and

2. A manufactured home, as defined by Section 18007 of the California Health and Safety Code.

B. "Accessory structure" means a structure that is accessory and incidental to a dwelling located on the same lot.

C. “Complete independent living facilities” means permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated.

D. “Efficiency kitchen” means a kitchen that includes each of the following:

1. A cooking facility with appliances.

2. A food preparation counter or counters that total at least 15 square feet in area.

3. Food storage cabinets that total at least 30 square feet of shelf space.

E. “Junior accessory dwelling unit” or “JADU” means a residential unit that

1. is no more than 500 square feet in size,

2. is contained entirely within an existing or proposed single-family structure,

3. includes its own separate sanitation facilities or shares sanitation facilities with the existing or proposed single-family structure, and

4. includes an efficiency kitchen, as defined in subsection D above.

F. “Living area” means the interior habitable area of a dwelling unit, including basements and attics, but does not include a garage or any accessory structure.

G. “Nonconforming zoning condition” means a physical improvement on a property that does not conform with current zoning standards.

H. “Passageway” means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the ADU or JADU.

I. “Proposed dwelling” means a dwelling that is the subject of a permit application and that meets the requirements for permitting.

J. “Public transit” means a location, including, but not limited to, a bus stop or train station, where the public may access buses, trains, subways, and other forms of transportation that charge set fares, run on fixed routes, and are available to the public.

K. “Tandem parking” means that two or more automobiles are parked on a driveway or in any other location on a lot, lined up behind one another.

Section 17.28.040. Approvals.

The following approvals apply to ADUs and JADUs under this section:

A. **Building-permit Only.** If an ADU or JADU complies with each of the general requirements in Section 17.28.050 below, it is allowed with only a building permit in the following scenarios:

1. **Converted on Single-family Lot:** Only one ADU or JADU on a lot with a proposed or existing single-family dwelling on it, where the ADU or JADU:

(a) Is either: within the space of a proposed single-family dwelling; within the existing space of an existing single-family dwelling; or within the existing space of an accessory structure, plus up to 150 additional square feet if the expansion is limited to accommodating ingress and egress.

(b) Has exterior access that is independent of that for the single-family dwelling.

(c) Has side and rear setbacks sufficient for fire and safety, as dictated by applicable building and fire codes.

2. **Limited Detached on Single-family Lot:** One detached, new-construction ADU on a lot with a proposed or existing single-family dwelling (in addition to any JADU that might otherwise be established on the lot under subsection A.1 above), if the detached ADU satisfies the following limitations:

(a) The side- and rear-yard setbacks are at least four-feet.

(b) The total floor area is 800 square feet or smaller.

(c) The peak height above grade is 16 feet or less.

3. **Converted on Multifamily Lot:** Multiple ADUs within portions of existing multifamily dwelling structures that are not used as livable space, including but not limited to storage rooms, boiler rooms, passageways, attics, basements, or garages, if each converted ADU complies with state building standards for dwellings. At least one converted ADU is allowed within an existing multifamily dwelling. The maximum number of converted ADUs allowed within an existing multifamily dwelling structure is equal to 25 percent of the existing multifamily dwelling units.

4. **Limited Detached on Multifamily Lot:** No more than two detached ADUs on a lot that has an existing multifamily dwelling if each detached ADU satisfies the following limitations:

   (a) The side- and rear-yard setbacks are at least four-feet.

   (b) The peak height above grade is 16 feet or less.

B. **ADU Permit.**

1. Except as allowed under subsection A above, no ADU may be created without a building permit and an ADU permit in compliance with the standards set forth in Section 17.28.050 and Section 17.28.060.

2. The City may charge a fee to reimburse it for costs incurred in processing ADU permits, including the costs of adopting or amending the City's ADU ordinance. The ADU-permit processing fee is determined by the Director of Planning and Community Services and approved by the City Council by resolution.

C. **Process and Timing.**

1. An ADU permit is considered and approved ministerially, without discretionary review or a hearing.

2. The City must act on an application to create an ADU or JADU within 60 days from the date that the City receives a completed application, unless either:

   (a) The applicant requests a delay, in which case the 60-day time period is tolled for the period of the requested delay, or

   (b) In the case of a JADU and the application to create a junior accessory dwelling unit is submitted with a permit application to create a new single-family dwelling on the lot, the City may delay acting on the permit application for the JADU until the City acts on the permit application to create the new single-family dwelling, but the application to create the JADU will still be considered ministerially without discretionary review or a hearing.

Section 17.28.050. General ADU and JADU Requirements.

The following requirements apply to all ADUs and JADUs that are approved under Section 17.28.040.A or B:

A. **Zoning.**

1. An ADU or JADU subject only to a building permit under Section 17.28.040.A may be created on a lot in a residential or mixed-use zone.

2. An ADU or JADU subject to an ADU permit under Section 17.28.040.B may be created on a lot that is zoned to allow single-family dwelling residential use or multifamily dwelling residential use.

B. **Fire Sprinklers.** Fire sprinklers are required in an ADU if sprinklers are required in the primary residence.

C. **Rental Term.** No ADU or JADU may be rented for a term that is shorter than 30 days.

D. **No Separate Conveyance.** An ADU or JADU may be rented, but no ADU or JADU may be sold or otherwise conveyed separately from the lot and the primary dwelling (in the case of a single-family lot) or from the lot and all of the dwellings (in the case of a multifamily lot).

E. **Owner Occupancy.**

1. All ADUs created before January 1, 2020 are subject to the owner-occupancy requirement that was in place when the ADU was created.

2. An ADU that is created after that date but before January 1, 2025, is not subject to any owner-occupancy requirement.

3. All ADUs that are created on or after January 1, 2025, are subject to an owner-occupancy requirement. A natural person with legal or equitable title to the property must reside on the property as the person's legal domicile and permanent residence.

4. All JADUs are subject to an owner-occupancy requirement. A natural person with legal or equitable title to the property must reside on the property, in either the primary dwelling or JADU, as the person's legal domicile and permanent residence. However, the owner-occupancy requirement of this paragraph does not apply if the property is entirely owned by another governmental agency, land trust, or housing organization.

F. **Deed Restriction.** Prior to issuance of a building permit for an ADU or JADU, a deed restriction must be recorded against the title of the property in the County Recorder's office and a copy filed with the Director. The deed restriction must run

with the land and bind all future owners. The form of the deed restriction will be provided by the City and must provide that:

1. The ADU or JADU may not be sold separately from the primary dwelling.

2. The ADU or JADU is restricted to the approved size and to other attributes allowed by this section.

3. The deed restriction runs with the land and may be enforced against future property owners.

4. The deed restriction may be removed if the owner eliminates the ADU or JADU, as evidenced by, for example, removal of the kitchen facilities. To remove the deed restriction, an owner may make a written request of the Director, providing evidence that the ADU or JADU has in fact been eliminated. The Director may then determine whether the evidence supports the claim that the ADU or JADU has been eliminated. Appeal may be taken from the Director's determination consistent with other provisions of this Code. If the ADU or JADU is not entirely physically removed, but is only eliminated by virtue of having a necessary component of an ADU or JADU removed, the remaining structure and improvements must otherwise comply with applicable provisions of this Code.

5. The deed restriction is enforceable by the Director or his or her designee for the benefit of the City. Failure of the property owner to comply with the deed restriction may result in legal action against the property owner, and the City is authorized to obtain any remedy available to it at law or equity, including, but not limited to, obtaining an injunction enjoining the use of the ADU or JADU in violation of the recorded restrictions or abatement of the illegal unit.

Section 17.28.060. Specific ADU Requirements.

The following requirements apply only to ADUs that require an ADU permit under Section 17.28.040.B.

A. **Maximum Size.**

1. The maximum size of a detached or attached ADU subject to this Section 17.28.060 is 850 square feet for a studio or one-bedroom unit and 1,000 square feet for a unit with two bedrooms. No more than two bedrooms are allowed.

2. An attached ADU that is created on a lot with an existing primary dwelling is further limited to 50 percent of the floor area of the existing primary dwelling, subject to Section 17.28.060.A.3 below.

3. Application of other development standards in this Section 17.28.060, such as FAR or lot coverage, might further limit the size of the ADU, but no application of a percentage-based size restriction, FAR, lot coverage, or open-space requirement may require the ADU to be smaller than 800 square feet.

B. **Floor Area Ratio (FAR).** No ADU subject to this Section 17.28.060 may cause the total FAR of the lot to exceed 45 percent, subject to Section 17.28.060.A.3 above.

C. **Setbacks.**

1. No part of any ADU subject to this Section 17.28.060 may be located within 30 feet of the front property line.

2. No part of any ADU subject to this Section 17.28.060 may be located within four feet of a side or rear property line.

D. **Lot Coverage.** No ADU subject to this Section 17.28.060 may cause the total lot coverage of the lot to exceed 50 percent, subject to Section 17.28.060.A.3 above.

E. **Minimum Open Space.** No ADU subject to this Section 17.28.060 may cause the total percentage of open space of the lot to fall below 50 percent, subject to subsection Section 17.28.060.A.3 above.

F. **Height.** No ADU subject to this Section 17.28.060 may exceed 16 feet in height above grade, measured to the peak of the structure.

G. **Passageway.** No passageway, as defined by Section 17.28.030.H above, is required for an ADU.

H. **Parking.**

1. Generally. One off-street parking space is required for each ADU. The parking space may be provided in setback areas or as tandem parking, as defined by Section 17.28.030.K above.

2. Exceptions. No parking under Section 17.28.060.H.1 is required in the following situations:

(a) The ADU is located within one-half mile walking distance of public transit, as defined in subsection Section 17.28.030.J above.

(b) The ADU is located within an architecturally and historically significant historic district.

(c) The ADU is part of the proposed or existing primary residence or an accessory structure under Section 17.28.040.A.1 above.

(d) When on-street parking permits are required but not offered to the occupant of the ADU.

(e) When there is an established car share vehicle stop located within one block of the ADU.

3. No Replacement. When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an ADU or converted to an ADU, those off-street parking spaces are not required to be replaced.

I. **Architectural Requirements.**

1. The materials and colors of the exterior walls, roof, and windows and doors must match the appearance and architectural design of those of the primary dwelling.

2. The roof slope must match that of the dominant roof slope of the primary dwelling. The dominant roof slope is the slope shared by the largest portion of the roof.

3. The exterior lighting must be limited to down-lights or as otherwise required by the building or fire code.

4. The ADU must have an independent exterior entrance, apart from that of the primary dwelling. The ADU entrance must be located on the side or rear building façade, not facing a public-right-of-way.

5. The interior horizontal dimensions of an ADU must be at least 10 feet wide in every direction, with a minimum interior wall height of seven feet.

6. Windows and doors of the ADU may not have a direct line of sight to an adjoining residential property. Fencing, landscaping or privacy glass may be used to provide screening and prevent a direct line of sight.

7. All windows and doors that are less than 30 feet from a property line that is not a right-of-way line must either be (for windows) clerestory with the bottom of the glass at least six feet above the finished floor, (for windows and for doors) utilize frosted or obscure glass, or (for doors) opaque.

8. The architectural treatment of an ADU to be constructed on a lot that has an identified historical resource listed on the federal, state, or local register of historic places must comply with all applicable ministerial requirements imposed by the Secretary of Interior.

J. **Landscape Requirements**

1. Evergreen landscape screening must be planted and maintained between the ADU and adjacent parcels as follows:

(a) At least one 15-gallon size plant shall be provided for every five linear feet of exterior wall. Alternatively, at least one 24" box size plant shall be provided for every ten linear feet of exterior wall.

(b) Plant specimens for screening must be at least eight feet tall when installed. As an alternative, a solid fence of at least eight feet in height may be installed.

2. All landscaping must be drought-tolerant.

3. All landscaping must be from the City's approved plant list.

K. **Historical Protections.** An ADU that is subject to this Section 17.28.060 and that is on or within 600 feet of real property that is listed in the California Register of Historic Resources is subject to all the objective standards imposed by the Secretary of Interior.

Section 17.28.070. Fees.

The following requirements apply to all ADUs and JADUs that are approved under Section 17.28.040.A or Section 17.28.040.B.

A. **Impact Fees.**

1. No impact fee is required for an ADU or JADU that is less than 750 square feet in size.

2. Any impact fee that is required for an ADU that is 750 square feet or larger in size must be charged proportionately in relation to the square footage of the primary dwelling unit. (E.g., the floor area of the primary dwelling, divided by the floor area of the ADU, times the typical fee amount charged for a new dwelling.) "Impact fee" here does not include any connection fee or capacity charge for water or sewer service.

B. **Utility Fees.**

1. Converted ADUs and JADUs on a single-family lot, created under subsection Section 17.28.040.A.1 above, are not required to have a new or separate utility connection directly between the ADU or JADU and the utility. Nor is a connection fee or capacity charge required unless the ADU or JADU is constructed with a new single-family home.

2. All ADUs and JADUs not covered by subsection Section 17.28.070.B.1 above require a new, separate utility connection directly between the ADU or JADU and the utility. The connection is subject to a connection fee or capacity charge that is proportionate to the burden created by the ADU or JADU, based on either the floor area or the number of drainage-fixture units (DFU) values, as defined by the Uniform Plumbing Code, upon the water or sewer system. The fee or charge may not exceed the reasonable cost of providing this service.

Section 17.28.080. Nonconforming ADUs and Discretionary Approval.

Any proposed ADU or JADU that does not conform to the objective standards set forth in Section 17.28.010 through Section 17.28.070 of this chapter may be allowed by the City with a conditional use permit, in accordance with the other provisions of this title.

URGENCY ORDINANCE NO. 364U

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

WHEREAS, the City of Rolling Hills, California ("City") is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, the Planning and Zoning Law authorizes cities to act by ordinance to provide for the creation and regulation of accessory dwelling units ("ADUs") and junior accessory dwelling units ("JADUs"); and

WHEREAS, in 2019, the California Legislature approved, and the Governor signed into law a number of bills ("New ADU Laws") that, among other things, amended Government Code section 65852.2 and 65852.22 to impose new limits on local authority to regulate ADUs and JADUs; and

WHEREAS, the New ADU Laws took effect January 1, 2020, and because the City's ADU ordinance did not comply with the New ADU Laws, the City's ordinance became null and void on that date as a matter of law; and

WHEREAS, the City desires to amend its local regulatory scheme for the construction and use of ADUs and JADUs to comply with the amended provisions of Government Code sections 65852.2 and 65852.22; and

WHEREAS, there is a current and immediate threat to the public health, safety, or welfare based on the passage the New ADU Laws because without a compliant ordinance the City is limited to applying the few default standards that are provided in Government Code sections 65852.2 and 65852.22 for the approval of ADUs and JADUs; and

WHEREAS, the approval of ADUs and JADUs based solely on the default statutory standards, without local regulations governing height, setback, landscape, architectural review, among other things, threatens the character of existing neighborhoods, and negatively impacts property values, personal privacy, and fire safety. These threats to public safety, health, and welfare justify adoption of this ordinance as an urgency ordinance to be effective immediately upon adoption by a four-fifths vote of the City Council; and

WHEREAS, to protect the public safety, health, and welfare, the City Council may adopt this ordinance as an urgency measure in accordance with Government Code section 36937, subdivision (b), after consideration and recommendation by the City's Planning Commission and proposed amendments as presented by staff.

NOW, THEREFORE, the City Council of the City of Rolling Hills does ordain as follows:

Section 1. The recitals above are each incorporated by reference and adopted as findings by the City Council.

Section 2. Under California Public Resources Code section 21080.17, the California Environmental Quality Act ("CEQA") does not apply to the adoption of an ordinance by a city or county implementing the provisions of section 65852.2 of the Government Code, which is California's ADU law and which also regulates JADUs, as defined by section 65852.22. Therefore, the proposed ordinance is statutorily exempt from CEQA in that the proposed ordinance implements the State's ADU law.

In addition to being statutorily exempt from CEQA, the proposed ordinance is also categorically exempt from CEQA under the Class 3 exemption set forth in State CEQA Guidelines section 15303. The Class 3 exemption categorically exempts from CEQA, among other things, the construction and location of new, small structures and the conversion of existing small structures from one use to another. Section 15303 specifically lists the construction of appurtenant accessory structures and garages as examples of activity that expressly falls within this exemption. Here, the ordinance is categorically exempt under the Class 3 exemption because the ordinance regulates the conversion of existing structures into, and the new construction of, ADUs and JADUs, which are, by definition, structures that are accessory to a primary dwelling on the lot. Moreover, the City Council finds that none of the "exceptions" to the use of the Class 3 exemption, set forth in State CEQA Guidelines section 15300.2, apply here. Specifically, the City Council finds that the ordinance will:

(1) Not result in the construction of ADUs or JADUs within a particularly sensitive environment because these accessory structures will necessarily be built on a lot already developed with a primary dwelling;

(2) Not result in a potentially significant cumulative impact because the City is designated for residential development and recreational uses with the exception of City Hall Campus, LACoFD Station No. 56, Rancho Del Mar High School, and guard gates;

(3) Not result in a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances because these accessory structures will necessarily be built on an already developed lots with existing structures;

(4) Not result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. The mainly City consists of single family residential development. The highways nearest to the City are California State Route (SR) 1 (Pacific Coast Highway) and SR 213 (Western), these highways are not designated as state scenic highways and the segments near the City are not eligible for designation as state scenic highways. The City's General Plan does not identify any local scenic roadways in the City;

(5) Not be located on a hazardous waste site included on any list compiled pursuant to § 65962.5 of the Government Code. The City is not located on or directly adjacent to any known hazardous or contaminated sites; or

(6) Not result in a substantial adverse change in the significance of a historical resource. The proposed Ordinance will not have a significant impact to historical resources because there are no listed historic buildings within the City boundaries.

Section 3. Chapter 17.28 of the Rolling Hills Municipal Code is hereby amended and restated as provided in Exhibit "A", attached hereto and incorporated herein by reference.

Section 4. This ordinance takes effect immediately upon its adoption.

Section 5. The City Clerk shall either: (a) have this ordinance published in a newspaper of general circulation within 15 days after its adoption or (b) have a summary of this ordinance published twice in a newspaper of general circulation, once five days before its adoption and again within 15 days after its adoption.

Section 6. The City Clerk shall submit a copy of this ordinance to the Department of Housing and Community Development within 60 days after adoption.

Section 7. The City Council hereby directs staff to prepare, execute and file with the Los Angeles County Clerk a Notice of Exemption within five working days of adoption of this.

Section 8. If any provision of this ordinance or its application to any person or circumstance is held to be invalid, such invalidity has no effect on the other provisions or applications of the ordinance that can be given effect without the invalid provision or application, and to this extent, the provisions of this resolution are severable. The City Council declares that it would have adopted this resolution irrespective of the invalidity of any portion thereof.

PASSED, APPROVED AND ADOPTED by the City Council of the Rolling Hills, California, at a regular meeting of the City Council held on the 10th day of February, 2020 by the following vote:

_____
LEAH MIRSCH
MAYOR

ATTEST:

_____
YOHANA CORONEL
CITY CLERK

EXHIBIT A

Amendments to Municipal Code

(follows this page)

Chapter 17.28 Accessory Dwelling Units and Junior Accessory Dwelling Units

Section 17.28.010. Purpose.

The purpose of this section is to allow and regulate accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) in compliance with California Government Code sections 65852.2 and 65852.22.

Section 17.28.020. Effect of Conforming.

An ADU or JADU that conforms to the standards in this section will not be:

A. Deemed to be inconsistent with the City's General Plan and Zoning designation for the lot on which the ADU or JADU is located.

B. Deemed to exceed the allowable density for the lot on which the ADU or JADU is located.

C. Considered in the application of any local ordinance, policy, or program to limit residential growth.

D. Required to correct a nonconforming zoning condition, as defined in Section 17.28.030.G below. This does not prevent the City from enforcing compliance with applicable building standards in accordance with Health and Safety Code section 17980.12.

Section 17.28.030. Definitions.

As used in this section, terms are defined as follows:

A. "Accessory dwelling unit" or "ADU" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. An accessory dwelling unit also includes the following:

1. An efficiency unit, as defined by Section 17958.1 of the California Health and Safety Code; and

2. A manufactured home, as defined by Section 18007 of the California Health and Safety Code.

B. "Accessory structure" means a structure that is accessory and incidental to a dwelling located on the same lot.

C. "Complete independent living facilities" means permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated.

D. "Efficiency kitchen" means a kitchen that includes each of the following:

1. A cooking facility with appliances.

2. A food preparation counter or counters that total at least 15 square feet in area.

3. Food storage cabinets that total at least 30 square feet of shelf space.

E. "Junior accessory dwelling unit" or "JADU" means a residential unit that

1. is no more than 500 square feet in size,

2. is contained entirely within an existing or proposed single-family structure,

3. includes its own separate sanitation facilities or shares sanitation facilities with the existing or proposed single-family structure, and

4. includes an efficiency kitchen, as defined in subsection D above.

F. "Living area" means the interior habitable area of a dwelling unit, including basements and attics, but does not include a garage or any accessory structure.

G. "Nonconforming zoning condition" means a physical improvement on a property that does not conform with current zoning standards.

H. "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the ADU or JADU.

I. "Proposed dwelling" means a dwelling that is the subject of a permit application and that meets the requirements for permitting.

J. "Public transit" means a location, including, but not limited to, a bus stop or train station, where the public may access buses, trains, subways, and other forms of transportation that charge set fares, run on fixed routes, and are available to the public.

K. "Tandem parking" means that two or more automobiles are parked on a driveway or in any other location on a lot, lined up behind one another.

Section 17.28.040. Approvals.

The following approvals apply to ADUs and JADUs under this section:

A. **Building-permit Only.** If an ADU or JADU complies with each of the general requirements in Section 17.28.050 below, it is allowed with only a building permit in the following scenarios:

1. **Converted on Single-family Lot:** Only one ADU or JADU on a lot with a proposed or existing single-family dwelling on it, where the ADU or JADU:

(a) Is either: within the space of a proposed single-family dwelling; within the existing space of an existing single-family dwelling; or within the existing space of an accessory structure, plus up to 150 additional square feet if the expansion is limited to accommodating ingress and egress.

(b) Has exterior access that is independent of that for the single-family dwelling.

(c) Has side and rear setbacks sufficient for fire and safety, as dictated by applicable building and fire codes.

2. **Limited Detached on Single-family Lot:** One detached, new-construction ADU on a lot with a proposed or existing single-family dwelling (in addition to any JADU that might otherwise be established on the lot under subsection A.1 above), if the detached ADU satisfies the following limitations:

(a) The side- and rear-yard setbacks are at least four-feet.

(b) The total floor area is 800 square feet or smaller.

(c) The peak height above grade is 16 feet or less.

3. **Converted on Multifamily Lot:** Multiple ADUs within portions of existing multifamily dwelling structures that are not used as livable space, including but not limited to storage rooms, boiler rooms, passageways, attics, basements, or garages, if each converted ADU complies with state building standards for dwellings. At least one converted ADU is allowed within an existing multifamily dwelling. The maximum number of converted ADUs allowed within an existing multifamily dwelling structure is equal to 25 percent of the existing multifamily dwelling units.

4. **Limited Detached on Multifamily Lot:** No more than two detached ADUs on a lot that has an existing multifamily dwelling if each detached ADU satisfies the following limitations:

   (a) The side- and rear-yard setbacks are at least four-feet.

   (b) The peak height above grade is 16 feet or less.

B. **ADU Permit.**

1. Except as allowed under subsection A above, no ADU may be created without a building permit and an ADU permit in compliance with the standards set forth in Section 17.28.050 and Section 17.28.060.

2. The City may charge a fee to reimburse it for costs incurred in processing ADU permits, including the costs of adopting or amending the City's ADU ordinance. The ADU-permit processing fee is determined by the Director of Planning and Community Services and approved by the City Council by resolution.

C. **Process and Timing.**

1. An ADU permit is considered and approved ministerially, without discretionary review or a hearing.

2. The City must act on an application to create an ADU or JADU within 60 days from the date that the City receives a completed application, unless either:

   (a) The applicant requests a delay, in which case the 60-day time period is tolled for the period of the requested delay, or

   (b) In the case of a JADU and the application to create a junior accessory dwelling unit is submitted with a permit application to create a new single-family dwelling on the lot, the City may delay acting on the permit application for the JADU until the City acts on the permit application to create the new single-family dwelling, but the application to create the JADU will still be considered ministerially without discretionary review or a hearing.

Section 17.28.050. General ADU and JADU Requirements.

The following requirements apply to all ADUs and JADUs that are approved under Section 17.28.040.A or B:

A. **Zoning.**

1. An ADU or JADU subject only to a building permit under Section 17.28.040.A may be created on a lot in a residential or mixed-use zone.

2. An ADU or JADU subject to an ADU permit under Section 17.28.040.B may be created on a lot that is zoned to allow single-family dwelling residential use or multifamily dwelling residential use.

B. **Fire Sprinklers.** Fire sprinklers are required in an ADU if sprinklers are required in the primary residence.

C. **Rental Term.** No ADU or JADU may be rented for a term that is shorter than 30 days.

D. **No Separate Conveyance.** An ADU or JADU may be rented, but no ADU or JADU may be sold or otherwise conveyed separately from the lot and the primary dwelling (in the case of a single-family lot) or from the lot and all of the dwellings (in the case of a multifamily lot).

E. **Owner Occupancy.**

1. All ADUs created before January 1, 2020 are subject to the owner-occupancy requirement that was in place when the ADU was created.

2. An ADU that is created after that date but before January 1, 2025, is not subject to any owner-occupancy requirement.

3. All ADUs that are created on or after January 1, 2025, are subject to an owner-occupancy requirement. A natural person with legal or equitable title to the property must reside on the property as the person's legal domicile and permanent residence.

4. All JADUs are subject to an owner-occupancy requirement. A natural person with legal or equitable title to the property must reside on the property, in either the primary dwelling or JADU, as the person's legal domicile and permanent residence. However, the owner-occupancy requirement of this paragraph does not apply if the property is entirely owned by another governmental agency, land trust, or housing organization.

F. **Deed Restriction.** Prior to issuance of a building permit for an ADU or JADU, a deed restriction must be recorded against the title of the property in the County Recorder's office and a copy filed with the Director. The deed restriction must run

with the land and bind all future owners. The form of the deed restriction will be provided by the City and must provide that:

1. The ADU or JADU may not be sold separately from the primary dwelling.

2. The ADU or JADU is restricted to the approved size and to other attributes allowed by this section.

3. The deed restriction runs with the land and may be enforced against future property owners.

4. The deed restriction may be removed if the owner eliminates the ADU or JADU, as evidenced by, for example, removal of the kitchen facilities. To remove the deed restriction, an owner may make a written request of the Director, providing evidence that the ADU or JADU has in fact been eliminated. The Director may then determine whether the evidence supports the claim that the ADU or JADU has been eliminated. Appeal may be taken from the Director's determination consistent with other provisions of this Code. If the ADU or JADU is not entirely physically removed, but is only eliminated by virtue of having a necessary component of an ADU or JADU removed, the remaining structure and improvements must otherwise comply with applicable provisions of this Code.

5. The deed restriction is enforceable by the Director or his or her designee for the benefit of the City. Failure of the property owner to comply with the deed restriction may result in legal action against the property owner, and the City is authorized to obtain any remedy available to it at law or equity, including, but not limited to, obtaining an injunction enjoining the use of the ADU or JADU in violation of the recorded restrictions or abatement of the illegal unit.

Section 17.28.060. Specific ADU Requirements.

The following requirements apply only to ADUs that require an ADU permit under Section 17.28.040.B.

A. **Maximum Size.**

1. The maximum size of a detached or attached ADU subject to this Section 17.28.060 is 850 square feet for a studio or one-bedroom unit and 1,000 square feet for a unit with two bedrooms. No more than two bedrooms are allowed.

2. An attached ADU that is created on a lot with an existing primary dwelling is further limited to 50 percent of the floor area of the existing primary dwelling, subject to Section 17.28.060.A.3 below.

3. Application of other development standards in this Section 17.28.060, such as FAR or lot coverage, might further limit the size of the ADU, but no application of a percentage-based size restriction, FAR, lot coverage, or open-space requirement may require the ADU to be smaller than 800 square feet.

B. **Floor Area Ratio (FAR).** No ADU subject to this Section 17.28.060 may cause the total FAR of the lot to exceed 45 percent, subject to Section 17.28.060.A.3 above.

C. **Setbacks.**

1. No part of any ADU subject to this Section 17.28.060 may be located within 30 feet of the front property line.

2. No part of any ADU subject to this Section 17.28.060 may be located within four feet of a side or rear property line.

D. **Lot Coverage.** No ADU subject to this Section 17.28.060 may cause the total lot coverage of the lot to exceed 50 percent, subject to Section 17.28.060.A.3 above.

E. **Minimum Open Space.** No ADU subject to this Section 17.28.060 may cause the total percentage of open space of the lot to fall below 50 percent, subject to subsection Section 17.28.060.A.3 above.

F. **Height.** No ADU subject to this Section 17.28.060 may exceed 16 feet in height above grade, measured to the peak of the structure.

G. **Passageway.** No passageway, as defined by Section 17.28.030.H above, is required for an ADU.

H. **Parking.**

1. Generally. One off-street parking space is required for each ADU. The parking space may be provided in setback areas or as tandem parking, as defined by Section 17.28.030.K above.

2. Exceptions. No parking under Section 17.28.060.H.1 is required in the following situations:

(a) The ADU is located within one-half mile walking distance of public transit, as defined in subsection Section 17.28.030.J above.

(b) The ADU is located within an architecturally and historically significant historic district.

(c) The ADU is part of the proposed or existing primary residence or an accessory structure under Section 17.28.040.A.1 above.

(d) When on-street parking permits are required but not offered to the occupant of the ADU.

(e) When there is an established car share vehicle stop located within one block of the ADU.

3. No Replacement. When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an ADU or converted to an ADU, those off-street parking spaces are not required to be replaced.

I. **Architectural Requirements.**

1. The materials and colors of the exterior walls, roof, and windows and doors must match the appearance and architectural design of those of the primary dwelling.

2. The roof slope must match that of the dominant roof slope of the primary dwelling. The dominant roof slope is the slope shared by the largest portion of the roof.

3. The exterior lighting must be limited to down-lights or as otherwise required by the building or fire code.

4. The ADU must have an independent exterior entrance, apart from that of the primary dwelling. The ADU entrance must be located on the side or rear building façade, not facing a public-right-of-way.

5. The interior horizontal dimensions of an ADU must be at least 10 feet wide in every direction, with a minimum interior wall height of seven feet.

6. Windows and doors of the ADU may not have a direct line of sight to an adjoining residential property. Fencing, landscaping or privacy glass may be used to provide screening and prevent a direct line of sight.

7. All windows and doors that are less than 30 feet from a property line that is not a right-of-way line must either be (for windows) clerestory with the bottom of the glass at least six feet above the finished floor, (for windows and for doors) utilize frosted or obscure glass, or (for doors) opaque.

8. The architectural treatment of an ADU to be constructed on a lot that has an identified historical resource listed on the federal, state, or local register of historic places must comply with all applicable ministerial requirements imposed by the Secretary of Interior.

J. **Landscape Requirements**

1. Evergreen landscape screening must be planted and maintained between the ADU and adjacent parcels as follows:

(a) At least one 15-gallon size plant shall be provided for every five linear feet of exterior wall. Alternatively, at least one 24" box size plant shall be provided for every ten linear feet of exterior wall.

(b) Plant specimens for screening must be at least eight feet tall when installed. As an alternative, a solid fence of at least eight feet in height may be installed.

2. All landscaping must be drought-tolerant.

3. All landscaping must be from the City's approved plant list.

K. **Historical Protections.** An ADU that is subject to this Section 17.28.060 and that is on or within 600 feet of real property that is listed in the California Register of Historic Resources is subject to all the objective standards imposed by the Secretary of Interior.

Section 17.28.070. Fees.

The following requirements apply to all ADUs and JADUs that are approved under Section 17.28.040.A or Section 17.28.040.B.

A. **Impact Fees.**

1. No impact fee is required for an ADU or JADU that is less than 750 square feet in size.

2. Any impact fee that is required for an ADU that is 750 square feet or larger in size must be charged proportionately in relation to the square footage of the primary dwelling unit. (E.g., the floor area of the primary dwelling, divided by the floor area of the ADU, times the typical fee amount charged for a new dwelling.) "Impact fee" here does not include any connection fee or capacity charge for water or sewer service.

B. **Utility Fees.**

1. Converted ADUs and JADUs on a single-family lot, created under subsection Section 17.28.040.A.1 above, are not required to have a new or separate utility connection directly between the ADU or JADU and the utility. Nor is a connection fee or capacity charge required unless the ADU or JADU is constructed with a new single-family home.

2. All ADUs and JADUs not covered by subsection Section 17.28.070.B.1 above require a new, separate utility connection directly between the ADU or JADU and the utility. The connection is subject to a connection fee or capacity charge that is proportionate to the burden created by the ADU or JADU, based on either the floor area or the number of drainage-fixture units (DFU) values, as defined by the Uniform Plumbing Code, upon the water or sewer system. The fee or charge may not exceed the reasonable cost of providing this service.

Section 17.28.080. Nonconforming ADUs and Discretionary Approval.

Any proposed ADU or JADU that does not conform to the objective standards set forth in Section 17.28.010 through Section 17.28.070 of this chapter may be allowed by the City with a conditional use permit, in accordance with the other provisions of this title.

City of Rolling Hills INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND ROAD
ROLLING HILLS, CA 90274
(310) 377-1521
FAX (310) 377-7288

Agenda Item No.: 8A
Mtg. Date: 01/21/2020

TO: **HONORABLE CHAIRMAN AND MEMBERS OF THE PLANNING COMMISSION**

FROM: **MEREDITH T. ELGUIRA, PLANNING AND COMMUNITY SERVICES DIRECTOR**

PUBLISHED: **January 3, 2020**

ATTACHMENTS:
1. **Resolution No. 2020-01**
2. **Current RHMC Chapter 17.28**

BACKGROUND

The proposed Ordinance amends Chapter 17.28 of the City of Rolling Hills Municipal Code to impose new limits on local authority to regulate Accessory Dwelling Units and Junior Accessory Dwelling Units in compliance with the provisions of Government Code sections 65852.2 and 65852.22 as amended by recently approved legislation that will take effect on January 1, 2020.

In 2019, the California Legislature approved, and the Governor signed into law a number of bills ("New ADU Laws") that, among other things, amended Government Code section 65852.2 and 65852.22 to impose new limits on local authority to regulate ADUs and JADUs. The New ADU Laws take effect January 1, 2020, and if the City's ADU Ordinance does not comply with the New ADU Laws, the City's Ordinance becomes null and void on that date as a matter of law.

The proposed Ordinance amends the City's local regulatory scheme for the construction of ADUs and JADUs to comply with the amended provisions of Government Code sections 65852.2 and 65852.22.

Failure to comply with Government Code sections 65852.2 and 65852.22 (as amended) as of January 1, 2020 renders the City's Ordinance regulating ADUs and JADUs null and

void, thereby limiting the City to the application of the few default standards provided in Government Code sections 65852.2 and 65852.22 for the approval of ADUs and JADUs. The approval of ADUs and JADUs based solely on the default statutory standards, without local regulations governing height, setback, landscape, architectural review, among other things, would threaten the character of existing neighborhoods, and negatively impact property values, personal privacy, and fire safety.

The attached Resolution 2020-01 with the draft Ordinances (Attachments A and B to the Resolution) include changes to the City of Rolling Hills Municipal Code Chapter 17.28 substantially in the form attached.

The ADU code amendments are proposed for adoption by both Urgency Ordinance, in accordance with Government Code section 36937, subdivision (b), and, in parallel, by Non-urgency Ordinance.

ENVIRONMENTAL REVIEW

Under California Public Resources Code section 21080.17, the California Environmental Quality Act ("CEQA") does not apply to the adoption of an ordinance by a city or county implementing the provisions of section 65852.2 of the Government Code, which is California's ADU law and which also regulates JADUs, as defined by section 65852.22. Therefore, the proposed ordinance is statutorily exempt from CEQA in that the proposed ordinance implements the State's ADU law.

In addition to being statutorily exempt from CEQA, the proposed ordinance is also categorically exempt from CEQA under the Class 3 exemption set forth in State CEQA Guidelines section 15303. The Class 3 exemption categorically exempts from CEQA, among other things, the construction and location of new, small structures and the conversion of existing small structures from one use to another. Section 15303 specifically lists the construction of appurtenant accessory structures and garages as examples of activity that expressly falls within this exemption. Here, the ordinance is categorically exempt under the Class 3 exemption because the ordinance regulates the conversion of existing structures into, and the new construction of, ADUs and JADUs, which are, by definition, structures that are accessory to a primary dwelling on the lot. Moreover, the Planning Commission finds that none of the "exceptions" to the use of the Class 3 exemption, set forth in State CEQA Guidelines section 15300.2, apply here. Specifically, the Planning Commission finds that the Ordinance will:

(1) Not result in the construction of ADUs or JADUs within a particularly sensitive environment because these accessory structures will necessarily be built on a lot already developed with a primary dwelling;

(2) Not result in a potentially significant cumulative impact because the City is designated for residential development and recreational uses with the exception

of City Hall Campus, LACoFD Station No. 56, Rancho Del Mar High School, and guard gates;

(3) Not result in a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances because these accessory structures will necessarily be built on an already developed lots with existing structures;

(4) Not result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. The mainly City consists of single family residential development. The highways nearest to the City are California State Route (SR) 1 (Pacific Coast Highway) and SR 213 (Western), these highways are not designated as state scenic highways and the segments near the City are not eligible for designation as state scenic highways. The City's General Plan does not identify any local scenic roadways in the City;

(5) Not be located on a hazardous waste site included on any list compiled pursuant to § 65962.5 of the Government Code. The City is not located on or directly adjacent to any known hazardous or contaminated sites; or

(6) Not result in a substantial adverse change in the significance of a historical resource. The proposed Ordinance will not have a significant impact to historical resources because there are no listed historic buildings within the City boundaries.

PUBLIC NOTICING

In accordance with the requirements of Government Code section 65090, this item has been noticed in a newspaper of general circulation as of January 3, 2020. In addition, on January 17, 2020 public notices were posted at 2 Portuguese Bend Road, Rolling Hills, CA 90274.

RECOMMENDATIONS

Recommend that the City Council of the City of Rolling Hills adopt both (A) an Urgency Ordinance and (B) a Non-urgency Ordinance amending Section 17.28 of the City of Rolling Hills Municipal Code relating to Accessory Dwelling Units and Junior Accessory Dwelling Units and determining the Ordinance to be exempt from CEQA.

RESOLUTION NO. 2020-01

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ROLLING HILLS CALIFORNIA, RECOMMENDING THAT THE CITY COUNCIL ADOPT BOTH (A) AN URGENCY ORDINANCE AND (B) A NON-URGENCY ORDINANCE AMENDING CHAPTER 17.28 OF THE ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

WHEREAS, the Planning and Zoning Law authorizes cities to act by ordinance to provide for the creation and regulation of accessory dwelling units ("ADUs") and junior accessory dwelling units ("JADUs"); and

WHEREAS, in 2019, the California Legislature approved, and the Governor signed into law a number of bills ("New ADU Laws") that, among other things, amended Government Code section 65852.2 and 65852.22 to impose new limits on local authority to regulate ADUs and JADUs; and

WHEREAS, the New ADU Laws take effect January 1, 2020, and if the City's ADU ordinance does not comply with the New ADU Laws, the City's ordinance becomes null and void on that date as a matter of law; and

WHEREAS, the City desires to amend its local regulatory scheme for the construction of ADUs and JADUs to comply with the amended provisions of Government Code sections 65852.2 and 65852.22; and

WHEREAS, failure to comply with Government Code sections 65852.2 and 65852.22 (as amended) as of January 1, 2020 renders the City's ordinance regulating ADUs and JADUs null and void, thereby limiting the City to the application of the few default standards provided in Government Code sections 65852.2 and 65852.22 for the approval of ADUs and JADUs; and

WHEREAS, the approval of ADUs and JADUs based solely on the default statutory standards, without local regulations governing height, setback, landscape, architectural review, among other things, would threaten the character of existing neighborhoods, and negatively impact property values, personal privacy, and fire safety.

WHEREAS, staff and the City Attorney prepared the proposed ordinance, including the proposed language and terminology, and any additional information and documents deemed necessary for the Planning Commission to take action; and

WHEREAS, on January 3, 2020, the City gave public notice of the public hearing for the proposed ordinance by publishing in Torrance Daily Breeze a newspaper of general circulation of a Planning Commission public hearing at which the ordinance would be considered; and

WHEREAS, on January 21, 2020, the Planning Commission held a duly-noticed public hearing and considered the staff report, recommendations by staff, and public testimony concerning the proposed ordinance.

NOW THEREFORE, THE PLANNING COMMISSION OF THE CITY OF ROLLING HILLS DOES RESOLVE, DETERMINE, FIND AND ORDER AS FOLLOWS:

Section 1. Under California Public Resources Code section 21080.17, the California Environmental Quality Act ("CEQA") does not apply to the adoption of an ordinance by a city or county implementing the provisions of section 65852.2 of the Government Code, which is California's ADU law and which also regulates JADUs, as defined by section 65852.22. Therefore, the proposed ordinance is statutorily exempt from CEQA in that the proposed ordinance implements the State's ADU law.

In addition to being statutorily exempt from CEQA, the proposed ordinance is also categorically exempt from CEQA under the Class 3 exemption set forth in State CEQA Guidelines section 15303. The Class 3 exemption categorically exempts from CEQA, among other things, the construction and location of new, small structures and the conversion of existing small structures from one use to another. Section 15303 specifically lists the construction of appurtenant accessory structures and garages as examples of activity that expressly falls within this exemption. Here, the ordinance is categorically exempt under the Class 3 exemption because the ordinance regulates the conversion of existing structures into, and the new construction of, ADUs and JADUs, which are, by definition, structures that are accessory to a primary dwelling on the lot. Moreover, the City Council finds that none of the "exceptions" to the use of the Class 3 exemption, set forth in State CEQA Guidelines section 15300.2, apply here. Specifically, the City Council finds that the ordinance will:

(1) Not result in the construction of ADUs or JADUs within a particularly sensitive environment because these accessory structures will necessarily be built on a lot already developed with a primary dwelling;

(2) Not result in a potentially significant cumulative impact because the City is designated for residential development and recreational uses with the exception of City Hall Campus, LACoFD Station No. 56, Rancho Del Mar High School, and guard gates;

(3) Not result in a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances because these accessory structures will necessarily be built on an already developed lots with existing structures;

(4) Not result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. The mainly City consists of single family residential development. The highways nearest to the City are California State Route (SR) 1 (Pacific Coast Highway) and SR 213 (Western), these highways are not designated as state scenic highways and the segments near the City are not eligible for designation as state scenic highways. The City's General Plan does not identify any local scenic roadways in the City;

(5) Not be located on a hazardous waste site included on any list compiled pursuant to § 65962.5 of the Government Code. The City is not located on or directly adjacent to any known hazardous or contaminated sites; or

(6) Not result in a substantial adverse change in the significance of a historical resource. The proposed Ordinance will not have a significant impact to historical resources because there are no listed historic buildings within the City boundaries.

Section 2. Based on the entire record before the Planning Commission, and all written and oral evidence presented, the Planning Commission hereby finds that the proposed ordinance is consistent with the City's adopted General Plan as the purpose of the proposed ordinance is to comply with the amended provisions of Government Code sections 65852.2 and 65852.22. The proposed ordinance does not otherwise conflict with any of the General Plan's goals or policies.

Section 3. The Planning Commission hereby recommends that the City Council adopt the attached proposed urgency ordinance (Attachment A) entitled: AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA

Section 4. The proposed ordinance entitled: AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA is on file and has been available for public review for at least ten days prior to the date of this Resolution, in the Planning and Community Services Department, at Rolling Hills City Hall, 2 Portuguese Bend Road, Rolling Hills California.

Section 5. The Planning Commission hereby recommends that the City Council adopt the attached proposed ordinance (Attachment B) entitled: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

Section 6. The proposed ordinance entitled: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA is on file and has been available for public review for at least ten days prior to the date of this Resolution, in the Planning and Community Services Department, at Rolling Hills City Hall, 2 Portuguese Bend Road, California.

PASSED, APPROVED AND ADOPTED THIS 21st DAY OF JANUARY 2019.

_____

BRAD CHELF, CHAIRMAN

ATTEST:

_____

JOHANA CORONEL, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) §§
CITY OF ROLLING HILLS)

I certify that the foregoing Resolution No. 2020-01 entitled:

> A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ROLLING HILLS CALIFORNIA, RECOMMENDING THAT THE CITY COUNCIL ADOPT BOTH (A) AN URGENCY ORDINANCE AND (B) A NON-URGENCY ORDINANCE AMENDING CHAPTER 17.28 OF THE ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS pAND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA

was approved and adopted at regular meeting of the Planning Commission on January 21, 2020 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

and in compliance with the laws of California was posted at the following:

Administrative Offices

_____
YOHANA CORONEL, CITY CLERK

URGENCY ORDINANCE NO. 363

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

WHEREAS, the City of Rolling Hills, California ("City") is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, the Planning and Zoning Law authorizes cities to act by ordinance to provide for the creation and regulation of accessory dwelling units ("ADUs") and junior accessory dwelling units ("JADUs"); and

WHEREAS, in 2019, the California Legislature approved, and the Governor signed into law a number of bills ("New ADU Laws") that, among other things, amended Government Code section 65852.2 and 65852.22 to impose new limits on local authority to regulate ADUs and JADUs; and

WHEREAS, the New ADU Laws take effect January 1, 2020, and if the City's ADU ordinance does not comply with the New ADU Laws, the City's ordinance becomes null and void on that date as a matter of law; and

WHEREAS, the City desires to amend its local regulatory scheme for the construction of ADUs and JADUs to comply with the amended provisions of Government Code sections 65852.2 and 65852.22; and

WHEREAS, there is a current and immediate threat to the public health, safety, or welfare based on the passage the New ADU Laws because if the City's ordinance does not comply with Government Code sections 65852.2 and 65852.22 (as amended) as of January 1, 2020 and the City's ordinance regulating ADUs and JADUs becomes null and void, the City would thereafter be limited to applying the few default standards that are provided in Government Code sections 65852.2 and 65852.22 for the approval of ADUs and JADUs; and

WHEREAS, the approval of ADUs and JADUs based solely on the default statutory standards, without local regulations governing height, setback, landscape, architectural review, among other things, would threaten the character of existing neighborhoods, and negatively impact property values, personal privacy, and fire safety. These threats to public safety, health, and welfare justify adoption of this ordinance as an urgency ordinance to be effective immediately upon adoption by a four-fifths vote of the City Council; and

WHEREAS, to protect the public safety, health, and welfare, the City Council may adopt this ordinance as an urgency measure in accordance with Government Code section 36937, subdivision (b), after consideration and recommendation by the City's Planning Commission.

NOW, THEREFORE, the City Council of the City of Rolling Hills does ordain as follows:

Section 1. The recitals above are each incorporated by reference and adopted as findings by the City Council.

Section 2. Under California Public Resources Code section 21080.17, the California Environmental Quality Act ("CEQA") does not apply to the adoption of an ordinance by a city or county implementing the provisions of section 65852.2 of the Government Code, which is California's ADU law and which also regulates JADUs, as defined by section 65852.22. Therefore, the proposed ordinance is statutorily exempt from CEQA in that the proposed ordinance implements the State's ADU law.

In addition to being statutorily exempt from CEQA, the proposed ordinance is also categorically exempt from CEQA under the Class 3 exemption set forth in State CEQA Guidelines section 15303. The Class 3 exemption categorically exempts from CEQA, among other things, the construction and location of new, small structures and the conversion of existing small structures from one use to another. Section 15303 specifically lists the construction of appurtenant accessory structures and garages as examples of activity that expressly falls within this exemption. Here, the ordinance is categorically exempt under the Class 3 exemption because the ordinance regulates the conversion of existing structures into, and the new construction of, ADUs and JADUs, which are, by definition, structures that are accessory to a primary dwelling on the lot. Moreover, the City Council finds that none of the "exceptions" to the use of the Class 3 exemption, set forth in State CEQA Guidelines section 15300.2, apply here. Specifically, the City Council finds that the ordinance will:

(1) Not result in the construction of ADUs or JADUs within a particularly sensitive environment because these accessory structures will necessarily be built on a lot already developed with a primary dwelling;

(2) Not result in a potentially significant cumulative impact because the City is designated for residential development and recreational uses with the exception of City Hall Campus, LACoFD Station No. 56, Rancho Del Mar High School, and guard gates;

(3) Not result in a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances because these accessory structures will necessarily be built on an already developed lots with existing structures;

(4) Not result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. The mainly City consists of single family residential development. The highways nearest to the City are California State Route (SR) 1 (Pacific Coast Highway) and SR 213 (Western), these highways are not designated as state scenic highways and the segments near the City are not eligible for designation as state scenic highways. The City's General Plan does not identify any local scenic roadways in the City;

(5) Not be located on a hazardous waste site included on any list compiled pursuant to § 65962.5 of the Government Code. The City is not located on or directly adjacent to any known hazardous or contaminated sites; or

(6) Not result in a substantial adverse change in the significance of a historical resource. The proposed Ordinance will not have a significant impact to historical resources because there are no listed historic buildings within the City boundaries.

Section 3. Chapter 17.28 of the Rolling Hills Municipal Code is hereby amended and restated as provided in Exhibit "A", attached hereto and incorporated herein by reference.

Section 4. This ordinance takes effect immediately upon its adoption.

Section 5. The City Clerk shall either: (a) have this ordinance published in a newspaper of general circulation within 15 days after its adoption or (b) have a summary of this ordinance published twice in a newspaper of general circulation, once five days before its adoption and again within 15 days after its adoption.

Section 6. The City Clerk shall submit a copy of this ordinance to the Department of Housing and Community Development within 60 days after adoption.

Section 7. If any provision of this ordinance or its application to any person or circumstance is held to be invalid, such invalidity has no effect on the other provisions or applications of the ordinance that can be given effect without the invalid provision or application, and to this extent, the provisions of this resolution are severable. The City Council declares that it would have adopted this resolution irrespective of the invalidity of any portion thereof.

PASSED, APPROVED AND ADOPTED by the City Council of the Rolling Hills, California, at a regular meeting of the City Council held on the 27th day of January, 2020 by the following vote:

_____
LEAH MIRSCH
MAYOR

ATTEST:

_____
YOHANA CORONEL
CITY CLERK

EXHIBIT A

Amendments to Municipal Code

(follows this page)

Chapter 17.28 Accessory Dwelling Units and Junior Accessory Dwelling Units

Section 17.28.010. Purpose.

The purpose of this section is to allow and regulate accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) in compliance with California Government Code sections 65852.2 and 65852.22.

Section 17.28.020. Effect of Conforming.

An ADU or JADU that conforms to the standards in this section will not be:

A. Deemed to be inconsistent with the city's general plan and zoning designation for the lot on which the ADU or JADU is located.

B. Deemed to exceed the allowable density for the lot on which the ADU or JADU is located.

C. Considered in the application of any local ordinance, policy, or program to limit residential growth.

D. Required to correct a nonconforming zoning condition, as defined in Section 17.28.030.G below. This does not prevent the City from enforcing compliance with applicable building standards in accordance with Health and Safety Code section 17980.12.

Section 17.28.030. Definitions.

As used in this section, terms are defined as follows:

A. "Accessory dwelling unit" or "ADU" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. An accessory dwelling unit also includes the following:

1. An efficiency unit, as defined by Section 17958.1 of the California Health and Safety Code; and

2. A manufactured home, as defined by Section 18007 of the California Health and Safety Code.

B. "Accessory structure" means a structure that is accessory and incidental to a dwelling located on the same lot.

C. "Complete independent living facilities" means permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated.

D. "Efficiency kitchen" means a kitchen that includes each of the following:

1. A cooking facility with appliances.

2. A food preparation counter or counters that total at least 15 square feet in area.

3. Food storage cabinets that total at least 30 square feet of shelf space.

E. "Junior accessory dwelling unit" or "JADU" means a residential unit that

1. is no more than 500 square feet in size,

2. is contained entirely within an existing or proposed single-family structure,

3. includes its own separate sanitation facilities or shares sanitation facilities with the existing or proposed single-family structure, and

4. includes an efficiency kitchen, as defined in subsection D above.

F. "Living area" means the interior habitable area of a dwelling unit, including basements and attics, but does not include a garage or any accessory structure.

G. "Nonconforming zoning condition" means a physical improvement on a property that does not conform with current zoning standards.

H. "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the ADU or JADU.

I. "Proposed dwelling" means a dwelling that is the subject of a permit application and that meets the requirements for permitting.

J. "Public transit" means a location, including, but not limited to, a bus stop or train station, where the public may access buses, trains, subways, and other forms of transportation that charge set fares, run on fixed routes, and are available to the public.

K. "Tandem parking" means that two or more automobiles are parked on a driveway or in any other location on a lot, lined up behind one another.

Section 17.28.040. Approvals.

The following approvals apply to ADUs and JADUs under this section:

A. **Building-permit Only.** If an ADU or JADU complies with each of the general requirements in Section 17.28.050 below, it is allowed with only a building permit in the following scenarios:

1. **Converted on Single-family Lot:** Only one ADU or JADU on a lot with a proposed or existing single-family dwelling on it, where the ADU or JADU:

   (a) Is either: within the space of a proposed single-family dwelling; within the existing space of an existing single-family dwelling; or within the existing space of an accessory structure, plus up to 150 additional square feet if the expansion is limited to accommodating ingress and egress.

   (b) Has exterior access that is independent of that for the single-family dwelling.

   (c) Has side and rear setbacks sufficient for fire and safety, as dictated by applicable building and fire codes.

2. **Limited Detached on Single-family Lot:** One detached, new-construction ADU on a lot with a proposed or existing single-family dwelling (in addition to any JADU that might otherwise be established on the lot under subsection A.1 above), if the detached ADU satisfies the following limitations:

   (a) The side- and rear-yard setbacks are at least four-feet.

   (b) The total floor area is 800 square feet or smaller.

   (c) The peak height above grade is 16 feet or less.

3. **Converted on Multifamily Lot:** Multiple ADUs within portions of existing multifamily dwelling structures that are not used as livable space, including but not limited to storage rooms, boiler rooms, passageways, attics, basements, or garages, if each converted ADU complies with state building standards for dwellings. At least one converted ADU is allowed within an existing multifamily dwelling. The maximum number of converted ADUs allowed within an existing multifamily dwelling structure is equal to 25 percent of the existing multifamily dwelling units.

4. **Limited Detached on Multifamily Lot:** No more than two detached ADUs on a lot that has an existing multifamily dwelling if each detached ADU satisfies the following limitations:

(a) The side- and rear-yard setbacks are at least four-feet.

(b) The peak height above grade is 16 feet or less.

B. **ADU Permit.**

1. Except as allowed under subsection A above, no ADU may be created without a building permit and an ADU permit in compliance with the standards set forth in Section 17.28.050 and Section 17.28.060.

2. The City may charge a fee to reimburse it for costs incurred in processing ADU permits, including the costs of adopting or amending the City's ADU ordinance. The ADU-permit processing fee is determined by the director of planning and community services and approved by the City Council by resolution.

C. **Process and Timing.**

1. An ADU permit is considered and approved ministerially, without discretionary review or a hearing.

2. The City must act on an application to create an ADU or JADU within 60 days from the date that the City receives a completed application, unless either:

(a) The applicant requests a delay, in which case the 60-day time period is tolled for the period of the requested delay, or

(b) In the case of a JADU and the application to create a junior accessory dwelling unit is submitted with a permit application to create a new single-family dwelling on the lot, the City may delay acting on the permit application for the JADU until the City acts on the permit application to create the new single-family dwelling, but the application to create the JADU will still be considered ministerially without discretionary review or a hearing.

Section 17.28.050. General ADU and JADU Requirements.

The following requirements apply to all ADUs and JADUs that are approved under Section 17.28.040.A or B:

A. **Zoning.**

1. An ADU or JADU subject only to a building permit under Section 17.28.040.A may be created on a lot in a residential or mixed-use zone.

2. An ADU or JADU subject to an ADU permit under Section 17.28.040.B may be created on a lot that is zoned to allow single-family dwelling residential use or multifamily dwelling residential use.

B. **Fire Sprinklers.** Fire sprinklers are required in an ADU if sprinklers are required in the primary residence.

C. **Rental Term.** No ADU or JADU may be rented for a term that is shorter than 30 days.

D. **No Separate Conveyance.** An ADU or JADU may be rented, but no ADU or JADU may be sold or otherwise conveyed separately from the lot and the primary dwelling (in the case of a single-family lot) or from the lot and all of the dwellings (in the case of a multifamily lot).

E. **Owner Occupancy.**

1. All ADUs created before January 1, 2020 are subject to the owner-occupancy requirement that was in place when the ADU was created.

2. An ADU that is created after that date but before January 1, 2025, is not subject to any owner-occupancy requirement.

3. All ADUs that are created on or after January 1, 2025, are subject to an owner-occupancy requirement. A natural person with legal or equitable title to the property must reside on the property as the person's legal domicile and permanent residence.

4. All JADUs are subject to an owner-occupancy requirement. A natural person with legal or equitable title to the property must reside on the property, in either the primary dwelling or JADU, as the person's legal domicile and permanent residence. However, the owner-occupancy requirement of this paragraph does not apply if the property is entirely owned by another governmental agency, land trust, or housing organization.

F. **Deed Restriction.** Prior to issuance of a building permit for an ADU or JADU, a deed restriction must be recorded against the title of the property in the County Recorder's office and a copy filed with the Director. The deed restriction must run with the land and bind all future owners. The form of the deed restriction will be provided by the City and must provide that:

1. The ADU or JADU may not be sold separately from the primary dwelling.

2. The ADU or JADU is restricted to the approved size and to other attributes allowed by this section.

3. The deed restriction runs with the land and may be enforced against future property owners.

4. The deed restriction may be removed if the owner eliminates the ADU or JADU, as evidenced by, for example, removal of the kitchen facilities. To remove the deed restriction, an owner may make a written request of the Director, providing evidence that the ADU or JADU has in fact been eliminated. The Director may then determine whether the evidence supports the claim that the ADU or JADU has been eliminated. Appeal may be taken from the Director's determination consistent with other provisions of this Code. If the ADU or JADU is not entirely physically removed, but is only eliminated by virtue of having a necessary component of an ADU or JADU removed, the remaining structure and improvements must otherwise comply with applicable provisions of this Code.

5. The deed restriction is enforceable by the Director or his or her designee for the benefit of the City. Failure of the property owner to comply with the deed restriction may result in legal action against the property owner, and the City is authorized to obtain any remedy available to it at law or equity, including, but not limited to, obtaining an injunction enjoining the use of the ADU or JADU in violation of the recorded restrictions or abatement of the illegal unit.

Section 17.28.060. Specific ADU Requirements.

The following requirements apply only to ADUs that require an ADU permit under Section 17.28.040.B.

A. **Maximum Size.**

1. The maximum size of a detached or attached ADU subject to this Section 17.28.060 is 850 square feet for a studio or one-bedroom unit and 1,000 square feet for a unit with two bedrooms. No more than two bedrooms are allowed.

2. An attached ADU that is created on a lot with an existing primary dwelling is further limited to 50 percent of the floor area of the existing primary dwelling, subject to Section 17.28.060.A.3 below.

3. Application of other development standards in this Section 17.28.060, such as FAR or lot coverage, might further limit the size of the ADU, but

no application of a percentage-based size restriction, FAR, lot coverage, or open-space requirement may require the ADU to be smaller than 800 square feet.

B. **Floor Area Ratio (FAR).** No ADU subject to this Section 17.28.060 may cause the total FAR of the lot to exceed 45 percent, subject to Section 17.28.060.A.3 above.

C. **Setbacks.**

1. No part of any ADU subject to this Section 17.28.060 may be located within 30 feet of the front property line.

2. No part of any ADU subject to this Section 17.28.060 may be located within four feet of a side or rear property line.

D. **Lot Coverage.** No ADU subject to this Section 17.28.060 may cause the total lot coverage of the lot to exceed 50 percent, subject to Section 17.28.060.A.3 above.

E. **Minimum Open Space.** No ADU subject to this Section 17.28.060 may cause the total percentage of open space of the lot to fall below 50 percent, subject to subsection Section 17.28.060.A.3 above.

F. **Height.** No ADU subject to this Section 17.28.060 may exceed 16 feet in height above grade, measured to the peak of the structure.

G. **Passageway.** No passageway, as defined by Section 17.28.030.H above, is required for an ADU.

H. **Parking.**

1. Generally. One off-street parking space is required for each ADU. The parking space may be provided in setback areas or as tandem parking, as defined by Section 17.28.030.K above.

2. Exceptions. No parking under Section 17.28.060.H.1 is required in the following situations:

(a) The ADU is located within one-half mile walking distance of public transit, as defined in subsection Section 17.28.030.J above.

(b) The ADU is located within an architecturally and historically significant historic district.

(c) The ADU is part of the proposed or existing primary residence or an accessory structure under Section 17.28.040.A.1 above.

(d) When on-street parking permits are required but not offered to the occupant of the ADU.

(e) When there is an established car share vehicle stop located within one block of the ADU.

3. No Replacement. When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an ADU or converted to an ADU, those offstreet parking spaces are not required to be replaced.

I. **Architectural Requirements.**

1. The materials and colors of the exterior walls, roof, and windows and doors must match the appearance and architectural design of those of the primary dwelling.

2. The roof slope must match that of the dominant roof slope of the primary dwelling. The dominant roof slope is the slope shared by the largest portion of the roof.

3. The exterior lighting must be limited to down-lights or as otherwise required by the building or fire code.

4. The ADU must have an independent exterior entrance, apart from that of the primary dwelling. The ADU entrance must be located on the side or rear building façade, not facing a public-right-of-way.

5. The interior horizontal dimensions of an ADU must be at least 10 feet wide in every direction, with a minimum interior wall height of seven feet.

6. Windows and doors of the ADU may not have a direct line of sight to an adjoining residential property. Fencing, landscaping, or privacy glass may be used to provide screening and prevent a direct line of sight.

7. All windows and doors that are less than 30 feet from a property line that is not a right-of-way line must either be (for windows) clerestory with the bottom of the glass at least six feet above the finished floor, (for windows and for doors) utilize frosted or obscure glass, or (for doors) opaque.

8. The architectural treatment of an ADU to be constructed on a lot that has an identified historical resource listed on the federal, state, or local register of historic places must comply with all applicable ministerial requirements imposed by the Secretary of Interior.

J. **Landscape Requirements**

1. Evergreen landscape screening must be planted and maintained between the ADU and adjacent parcels as follows:

2. At least one 15-gallon size plant shall be provided for every five linear feet of exterior wall. Alternatively, at least one 24" box size plant shall be provided for every ten linear feet of exterior wall.

3. Plant specimens for screening must be at least eight feet tall when installed. As an alternative, a solid fence of at least eight feet in height may be installed.

4. All landscaping must be drought-tolerant.

5. All landscaping must be from the city's approved plant list.

K. **Historical Protections.** An ADU that is subject to this Section 17.28.060 and that is on or within 600 feet of real property that is listed in the California Register of Historic Resources is subject to all the objective standards imposed by the Secretary of Interior.

Section 17.28.070. Fees.

The following requirements apply to all ADUs and JADUs that are approved under Section 17.28.040.A or Section 17.28.040.B.

A. **Impact Fees.**

1. No impact fee is required for an ADU or JADU that is less than 750 square feet in size.

2. Any impact fee that is required for an ADU that is 750 square feet or larger in size must be charged proportionately in relation to the square footage of the primary dwelling unit. (E.g., the floor area of the primary dwelling, divided by the floor area of the ADU, times the typical fee amount charged for a new dwelling.) "Impact fee" here does not include any connection fee or capacity charge for water or sewer service.

B. **Utility Fees.**

1. Converted ADUs and JADUs on a single-family lot, created under subsection Section 17.28.040.A.1 above, are not required to have a new or separate utility connection directly between the ADU or JADU and the utility. Nor is a connection fee or capacity charge required unless the ADU or JADU is constructed with a new single-family home.

2. All ADUs and JADUs not covered by subsection Section 17.28.070.B.1 above require a new, separate utility connection directly between the ADU or JADU and the utility. The connection is subject to a connection fee or capacity charge that is proportionate to the burden created by the ADU or JADU, based on either the floor area or the number of drainage-fixture units (DFU) values, as defined by the Uniform Plumbing Code, upon the water or sewer system. The fee or charge may not exceed the reasonable cost of providing this service.

Section 17.28.080. Nonconforming ADUs and Discretionary Approval. Any proposed ADU or JADU that does not conform to the objective standards set forth in Section 17.28.010 through Section 17.28.070 of this chapter may be allowed by the City with a conditional use permit, in accordance with the other provisions of this title.

ORDINANCE NO. 364

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS AMENDING CHAPTER 17.28 OF THE CITY OF ROLLING HILLS MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA.

WHEREAS, the City of Rolling Hills, California ("City") is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, the Planning and Zoning Law authorizes cities to act by ordinance to provide for the creation and regulation of accessory dwelling units ("ADUs") and junior accessory dwelling units ("JADUs"); and

WHEREAS, in 2019, the California Legislature approved, and the Governor signed into law a number of bills ("New ADU Laws") that, among other things, amended Government Code section 65852.2 and 65852.22 to impose new limits on local authority to regulate ADUs and JADUs; and

WHEREAS, the New ADU Laws take effect January 1, 2020, and if the City's ADU ordinance does not comply with the New ADU Laws, the City's ordinance becomes null and void on that date as a matter of law; and

WHEREAS, the City desires to amend its local regulatory scheme for the construction of ADUs and JADUs to comply with the amended provisions of Government Code sections 65852.2 and 65852.22; and

WHEREAS, failure to comply with Government Code sections 65852.2 and 65852.22 (as amended) as of January 1, 2020 renders the City's ordinance regulating ADUs and JADUs null and void, thereby limiting the City to the application of the few default standards provided in Government Code sections 65852.2 and 65852.22 for the approval of ADUs and JADUs; and

WHEREAS, the approval of ADUs and JADUs based solely on the default statutory standards, without local regulations governing height, setback, landscape, architectural review, among other things, would threaten the character of existing neighborhoods, and negatively impact property values, personal privacy, and fire safety.

WHEREAS, the City Council has reviewed and considered the public testimony and agenda reports prepared in connection with this ordinance, including the policy considerations discussed therein, and the consideration and recommendation by the City's Planning Commission; and

WHEREAS, in accordance with the California Environmental Quality Act (Pub. Resources Code, § 21000 et seq.) ("CEQA") and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), the City has determined that the revisions to the Rolling Hills Municipal Code are exempt from environmental review.

NOW, THEREFORE, the City Council of the City of Rolling Hills does ordain as follows:

Section 1. The recitals above are each incorporated by reference and adopted as findings by the City Council.

Section 2. Under California Public Resources Code section 21080.17, the California Environmental Quality Act ("CEQA") does not apply to the adoption of an ordinance by a city or county implementing the provisions of section 65852.2 of the Government Code, which is California's ADU law and which also regulates JADUs, as defined by section 65852.22. Therefore, the proposed ordinance is statutorily exempt from CEQA in that the proposed ordinance implements the State's ADU law.

In addition to being statutorily exempt from CEQA, the proposed ordinance is also categorically exempt from CEQA under the Class 3 exemption set forth in State CEQA Guidelines section 15303. The Class 3 exemption categorically exempts from CEQA, among other things, the construction and location of new, small structures and the conversion of existing small structures from one use to another. Section 15303 specifically lists the construction of appurtenant accessory structures and garages as examples of activity that expressly falls within this exemption. Here, the ordinance is categorically exempt under the Class 3 exemption because the ordinance regulates the conversion of existing structures into, and the new construction of, ADUs and JADUs, which are, by definition, structures that are accessory to a primary dwelling on the lot. Moreover, the City Council finds that none of the "exceptions" to the use of the Class 3 exemption, set forth in State CEQA Guidelines section 15300.2, apply here. Specifically, the City Council finds that the ordinance will:

(1) Not result in the construction of ADUs or JADUs within a particularly sensitive environment because these accessory structures will necessarily be built on a lot already developed with a primary dwelling;

(2) Not result in a potentially significant cumulative impact because the City is designated for residential development and recreational uses with the exception of City Hall Campus, LACoFD Station No. 56, Rancho Del Mar High School, and guard gates;

(3) Not result in a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances because these accessory structures will necessarily be built on an already developed lots with existing structures;

(4) Not result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. The mainly City consists of single family residential development. The highways nearest to the City are California State Route (SR) 1 (Pacific Coast Highway) and SR 213 (Western), these highways are not designated as state scenic highways and the segments near the City are not eligible for designation as state scenic highways. The City's General Plan does not identify any local scenic roadways in the City;

(5) Not be located on a hazardous waste site included on any list compiled pursuant to § 65962.5 of the Government Code. The City is not located on or directly adjacent to any known hazardous or contaminated sites; or

(6) Not result in a substantial adverse change in the significance of a historical resource. The proposed Ordinance will not have a significant impact to historical resources because there are no listed historic buildings within the City boundaries.

Section 3. Chapter 17.28 of the Rolling Hills Municipal Code is hereby amended and restated as provided in Exhibit "A", attached hereto and incorporated herein by reference.

Section 4. This ordinance shall take effect 30 days following its adoption.

Section 5. The City Clerk shall either: (a) have this ordinance published in a newspaper of general circulation within 15 days after its adoption or (b) have a summary of this ordinance published twice in a newspaper of general circulation, once five days before its adoption and again within 15 days after its adoption.

Section 6. The City Clerk shall submit a copy of this ordinance to the Department of Housing and Community Development within 60 days after adoption.

Section 7. The City Council hereby directs staff to prepare, execute and file with the Los Angeles County Clerk a Notice of Exemption within five working days of first reading of this ordinance.

Section 8. If any provision of this ordinance or its application to any person or circumstance is held to be invalid, such invalidity has no effect on the other provisions or applications of the ordinance that can be given effect without the invalid provision or application, and to this extent, the provisions of this resolution are severable. The City Council declares that it would have adopted this resolution irrespective of the invalidity of any portion thereof.

Section 9. The documents and materials that constitute the record of proceedings on which this Ordinance and the above findings have been based are located at City Hall.

PASSED, APPROVED AND ADOPTED by the City Council of the Rolling Hills, California, at a regular meeting of the City Council held on the 27th day of January, 2020 by the following vote:

_____
LEAH MIRSCH
MAYOR

ATTEST:

_____
YOHANA CORONEL
CITY CLERK

EXHIBIT A

Amendments to Municipal Code

(follows this page)

Chapter 17.28 Accessory Dwelling Units and Junior Accessory Dwelling Units

Section 17.28.010. Purpose.

The purpose of this section is to allow and regulate accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs) in compliance with California Government Code sections 65852.2 and 65852.22.

Section 17.28.020. Effect of Conforming.

An ADU or JADU that conforms to the standards in this section will not be:

A. Deemed to be inconsistent with the city's general plan and zoning designation for the lot on which the ADU or JADU is located.

B. Deemed to exceed the allowable density for the lot on which the ADU or JADU is located.

C. Considered in the application of any local ordinance, policy, or program to limit residential growth.

D. Required to correct a nonconforming zoning condition, as defined in Section 17.28.030.G below. This does not prevent the City from enforcing compliance with applicable building standards in accordance with Health and Safety Code section 17980.12.

Section 17.28.030. Definitions.

As used in this section, terms are defined as follows:

A. "Accessory dwelling unit" or "ADU" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. An accessory dwelling unit also includes the following:

1. An efficiency unit, as defined by Section 17958.1 of the California Health and Safety Code; and

2. A manufactured home, as defined by Section 18007 of the California Health and Safety Code.

B. "Accessory structure" means a structure that is accessory and incidental to a dwelling located on the same lot.

C. "Complete independent living facilities" means permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated.

D. "Efficiency kitchen" means a kitchen that includes each of the following:

1. A cooking facility with appliances.

2. A food preparation counter or counters that total at least 15 square feet in area.

3. Food storage cabinets that total at least 30 square feet of shelf space.

E. "Junior accessory dwelling unit" or "JADU" means a residential unit that

1. is no more than 500 square feet in size,

2. is contained entirely within an existing or proposed single-family structure,

3. includes its own separate sanitation facilities or shares sanitation facilities with the existing or proposed single-family structure, and

4. includes an efficiency kitchen, as defined in subsection D above.

F. "Living area" means the interior habitable area of a dwelling unit, including basements and attics, but does not include a garage or any accessory structure.

G. "Nonconforming zoning condition" means a physical improvement on a property that does not conform with current zoning standards.

H. "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the ADU or JADU.

I. "Proposed dwelling" means a dwelling that is the subject of a permit application and that meets the requirements for permitting.

J. "Public transit" means a location, including, but not limited to, a bus stop or train station, where the public may access buses, trains, subways, and other forms of transportation that charge set fares, run on fixed routes, and are available to the public.

K. "Tandem parking" means that two or more automobiles are parked on a driveway or in any other location on a lot, lined up behind one another.

Section 17.28.040. Approvals.

The following approvals apply to ADUs and JADUs under this section:

A. **Building-permit Only.** If an ADU or JADU complies with each of the general requirements in Section 17.28.050 below, it is allowed with only a building permit in the following scenarios:

1. **Converted on Single-family Lot:** Only one ADU or JADU on a lot with a proposed or existing single-family dwelling on it, where the ADU or JADU:

   (a) Is either: within the space of a proposed single-family dwelling; within the existing space of an existing single-family dwelling; or within the existing space of an accessory structure, plus up to 150 additional square feet if the expansion is limited to accommodating ingress and egress.

   (b) Has exterior access that is independent of that for the single-family dwelling.

   (c) Has side and rear setbacks sufficient for fire and safety, as dictated by applicable building and fire codes.

2. **Limited Detached on Single-family Lot:** One detached, new-construction ADU on a lot with a proposed or existing single-family dwelling (in addition to any JADU that might otherwise be established on the lot under subsection A.1 above), if the detached ADU satisfies the following limitations:

   (a) The side- and rear-yard setbacks are at least four-feet.

   (b) The total floor area is 800 square feet or smaller.

   (c) The peak height above grade is 16 feet or less.

3. **Converted on Multifamily Lot:** Multiple ADUs within portions of existing multifamily dwelling structures that are not used as livable space, including but not limited to storage rooms, boiler rooms, passageways, attics, basements, or garages, if each converted ADU complies with state building standards for dwellings. At least one converted ADU is allowed within an existing multifamily dwelling. The maximum number of converted ADUs allowed within an existing multifamily dwelling structure is equal to 25 percent of the existing multifamily dwelling units.

4. **Limited Detached on Multifamily Lot:** No more than two detached ADUs on a lot that has an existing multifamily dwelling if each detached ADU satisfies the following limitations:

(a) The side- and rear-yard setbacks are at least four-feet.

(b) The peak height above grade is 16 feet or less.

B. **ADU Permit.**

1. Except as allowed under subsection A above, no ADU may be created without a building permit and an ADU permit in compliance with the standards set forth in Section 17.28.050 and Section 17.28.060.

2. The City may charge a fee to reimburse it for costs incurred in processing ADU permits, including the costs of adopting or amending the City's ADU ordinance. The ADU-permit processing fee is determined by the director of planning and community services and approved by the City Council by resolution.

C. **Process and Timing.**

1. An ADU permit is considered and approved ministerially, without discretionary review or a hearing.

2. The City must act on an application to create an ADU or JADU within 60 days from the date that the City receives a completed application, unless either:

(a) The applicant requests a delay, in which case the 60-day time period is tolled for the period of the requested delay, or

(b) In the case of a JADU and the application to create a junior accessory dwelling unit is submitted with a permit application to create a new single-family dwelling on the lot, the City may delay acting on the permit application for the JADU until the City acts on the permit application to create the new single-family dwelling, but the application to create the JADU will still be considered ministerially without discretionary review or a hearing.

Section 17.28.050. General ADU and JADU Requirements.

The following requirements apply to all ADUs and JADUs that are approved under Section 17.28.040.A or B:

A. **Zoning.**

1. An ADU or JADU subject only to a building permit under Section 17.28.040.A may be created on a lot in a residential or mixed-use zone.

2. An ADU or JADU subject to an ADU permit under Section 17.28.040.B may be created on a lot that is zoned to allow single-family dwelling residential use or multifamily dwelling residential use.

B. **Fire Sprinklers.** Fire sprinklers are required in an ADU if sprinklers are required in the primary residence.

C. **Rental Term.** No ADU or JADU may be rented for a term that is shorter than 30 days.

D. **No Separate Conveyance.** An ADU or JADU may be rented, but no ADU or JADU may be sold or otherwise conveyed separately from the lot and the primary dwelling (in the case of a single-family lot) or from the lot and all of the dwellings (in the case of a multifamily lot).

E. **Owner Occupancy.**

1. All ADUs created before January 1, 2020 are subject to the owner-occupancy requirement that was in place when the ADU was created.

2. An ADU that is created after that date but before January 1, 2025, is not subject to any owner-occupancy requirement.

3. All ADUs that are created on or after January 1, 2025, are subject to an owner-occupancy requirement. A natural person with legal or equitable title to the property must reside on the property as the person's legal domicile and permanent residence.

4. All JADUs are subject to an owner-occupancy requirement. A natural person with legal or equitable title to the property must reside on the property, in either the primary dwelling or JADU, as the person's legal domicile and permanent residence. However, the owner-occupancy requirement of this paragraph does not apply if the property is entirely owned by another governmental agency, land trust, or housing organization.

F. **Deed Restriction.** Prior to issuance of a building permit for an ADU or JADU, a deed restriction must be recorded against the title of the property in the County Recorder's office and a copy filed with the Director. The deed restriction must run with the land and bind all future owners. The form of the deed restriction will be provided by the City and must provide that:

1. The ADU or JADU may not be sold separately from the primary dwelling.

2. The ADU or JADU is restricted to the approved size and to other attributes allowed by this section.

3. The deed restriction runs with the land and may be enforced against future property owners.

4. The deed restriction may be removed if the owner eliminates the ADU or JADU, as evidenced by, for example, removal of the kitchen facilities. To remove the deed restriction, an owner may make a written request of the Director, providing evidence that the ADU or JADU has in fact been eliminated. The Director may then determine whether the evidence supports the claim that the ADU or JADU has been eliminated. Appeal may be taken from the Director's determination consistent with other provisions of this Code. If the ADU or JADU is not entirely physically removed, but is only eliminated by virtue of having a necessary component of an ADU or JADU removed, the remaining structure and improvements must otherwise comply with applicable provisions of this Code.

5. The deed restriction is enforceable by the Director or his or her designee for the benefit of the City. Failure of the property owner to comply with the deed restriction may result in legal action against the property owner, and the City is authorized to obtain any remedy available to it at law or equity, including, but not limited to, obtaining an injunction enjoining the use of the ADU or JADU in violation of the recorded restrictions or abatement of the illegal unit.

Section 17.28.060. Specific ADU Requirements.

The following requirements apply only to ADUs that require an ADU permit under Section 17.28.040.B.

A. **Maximum Size.**

1. The maximum size of a detached or attached ADU subject to this Section 17.28.060 is 850 square feet for a studio or one-bedroom unit and 1,000 square feet for a unit with two bedrooms. No more than two bedrooms are allowed.

2. An attached ADU that is created on a lot with an existing primary dwelling is further limited to 50 percent of the floor area of the existing primary dwelling, subject to Section 17.28.060.A.3 below.

3. Application of other development standards in this Section 17.28.060, such as FAR or lot coverage, might further limit the size of the ADU, but

no application of a percentage-based size restriction, FAR, lot coverage, or open-space requirement may require the ADU to be smaller than 800 square feet.

B. **Floor Area Ratio (FAR).** No ADU subject to this Section 17.28.060 may cause the total FAR of the lot to exceed 45 percent, subject to Section 17.28.060.A.3 above.

C. **Setbacks.**

1. No part of any ADU subject to this Section 17.28.060 may be located within 30 feet of the front property line.

2. No part of any ADU subject to this Section 17.28.060 may be located within four feet of a side or rear property line.

D. **Lot Coverage.** No ADU subject to this Section 17.28.060 may cause the total lot coverage of the lot to exceed 50 percent, subject to Section 17.28.060.A.3 above.

E. **Minimum Open Space.** No ADU subject to this Section 17.28.060 may cause the total percentage of open space of the lot to fall below 50 percent, subject to subsection Section 17.28.060.A.3 above.

F. **Height.** No ADU subject to this Section 17.28.060 may exceed 16 feet in height above grade, measured to the peak of the structure.

G. **Passageway.** No passageway, as defined by Section 17.28.030.H above, is required for an ADU.

H. **Parking.**

1. Generally. One off-street parking space is required for each ADU. The parking space may be provided in setback areas or as tandem parking, as defined by Section 17.28.030.K above.

2. Exceptions. No parking under Section 17.28.060.H.1 is required in the following situations:

(a) The ADU is located within one-half mile walking distance of public transit, as defined in subsection Section 17.28.030.J above.

(b) The ADU is located within an architecturally and historically significant historic district.

(c) The ADU is part of the proposed or existing primary residence or an accessory structure under Section 17.28.040.A.1 above.

(d) When on-street parking permits are required but not offered to the occupant of the ADU.

(e) When there is an established car share vehicle stop located within one block of the ADU.

3. No Replacement. When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an ADU or converted to an ADU, those offstreet parking spaces are not required to be replaced.

I. **Architectural Requirements.**

1. The materials and colors of the exterior walls, roof, and windows and doors must match the appearance and architectural design of those of the primary dwelling.

2. The roof slope must match that of the dominant roof slope of the primary dwelling. The dominant roof slope is the slope shared by the largest portion of the roof.

3. The exterior lighting must be limited to down-lights or as otherwise required by the building or fire code.

4. The ADU must have an independent exterior entrance, apart from that of the primary dwelling. The ADU entrance must be located on the side or rear building façade, not facing a public-right-of-way.

5. The interior horizontal dimensions of an ADU must be at least 10 feet wide in every direction, with a minimum interior wall height of seven feet.

6. Windows and doors of the ADU may not have a direct line of sight to an adjoining residential property. Fencing, landscaping, or privacy glass may be used to provide screening and prevent a direct line of sight.

7. All windows and doors that are less than 30 feet from a property line that is not a right-of-way line must either be (for windows) clerestory with the bottom of the glass at least six feet above the finished floor, (for windows and for doors) utilize frosted or obscure glass, or (for doors) opaque.

8. The architectural treatment of an ADU to be constructed on a lot that has an identified historical resource listed on the federal, state, or local register of historic places must comply with all applicable ministerial requirements imposed by the Secretary of Interior.

J. **Landscape Requirements**

1. Evergreen landscape screening must be planted and maintained between the ADU and adjacent parcels as follows:

2. At least one 15-gallon size plant shall be provided for every five linear feet of exterior wall. Alternatively, at least one 24" box size plant shall be provided for every ten linear feet of exterior wall.

3. Plant specimens for screening must be at least eight feet tall when installed. As an alternative, a solid fence of at least eight feet in height may be installed.

4. All landscaping must be drought-tolerant.

5. All landscaping must be from the city's approved plant list.

K. **Historical Protections.** An ADU that is subject to this Section 17.28.060 and that is on or within 600 feet of real property that is listed in the California Register of Historic Resources is subject to all the objective standards imposed by the Secretary of Interior.

Section 17.28.070. Fees.

The following requirements apply to all ADUs and JADUs that are approved under Section 17.28.040.A or Section 17.28.040.B.

A. **Impact Fees.**

1. No impact fee is required for an ADU or JADU that is less than 750 square feet in size.

2. Any impact fee that is required for an ADU that is 750 square feet or larger in size must be charged proportionately in relation to the square footage of the primary dwelling unit. (E.g., the floor area of the primary dwelling, divided by the floor area of the ADU, times the typical fee amount charged for a new dwelling.) "Impact fee" here does not include any connection fee or capacity charge for water or sewer service.

B. **Utility Fees.**

1. Converted ADUs and JADUs on a single-family lot, created under subsection Section 17.28.040.A.1 above, are not required to have a new or separate utility connection directly between the ADU or JADU and the utility. Nor is a connection fee or capacity charge required unless the ADU or JADU is constructed with a new single-family home.

2. All ADUs and JADUs not covered by subsection Section 17.28.070.B.1 above require a new, separate utility connection directly between the ADU or JADU and the utility. The connection is subject to a connection fee or capacity charge that is proportionate to the burden created by the ADU or JADU, based on either the floor area or the number of drainage-fixture units (DFU) values, as defined by the Uniform Plumbing Code, upon the water or sewer system. The fee or charge may not exceed the reasonable cost of providing this service.

Section 17.28.080. Nonconforming ADUs and Discretionary Approval. Any proposed ADU or JADU that does not conform to the objective standards set forth in Section 17.28.010 through Section 17.28.070 of this chapter may be allowed by the City with a conditional use permit, in accordance with the other provisions of this title.

Chapter 17.28 - ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS ON SINGLE-FAMILY LOTS[6]

Sections:

Footnotes:

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Editor's note— Ord. No. 358, § 4, adopted Feb. 12, 2018, repealed Ch. 17.28 in its entirety and enacted new provisions to read as herein set out. Former Ch. 17.28, §§ 17.28.010—17.28.030 pertained to second units on single-family lots, and derived from Ord. No. 239, § 11, adopted in 1993.

17.28.010 - Purpose and applicability.

The purpose of this chapter is to implement the requirements of Government Code section 65852.2, to allow accessory dwelling units and junior accessory dwelling units in a manner that accounts for the City's unique land use characteristics including landslide susceptibility, lack of sewers, fire flow requirements, and extremely limited public infrastructure. In accordance with state law, accessory dwelling units are an accessory use to the primary use of a parcel as a one-family dwelling unit and do not exceed the allowable density for the parcel.

(Ord. No. 358, § 4, 2-12-2018)

17.28.020 - Definitions.

[The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:]

"Accessory dwelling unit" means an attached or detached dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the primary single-family dwelling is situated. An accessory dwelling unit also includes the following:

(1) An efficiency unit, as defined in Section 17958.1 of the Health and Safety Code; or

(2) A manufactured home, as defined in Section 18007 of the Health and Safety Code.

"Existing space" means an allowable space that can be converted to an accessory dwelling unit within the walls and roofline of any structure existing on or after January 1, 2017, that can be made safely habitable under the City's building codes at the determination of the City's building official.

"Junior accessory dwelling unit" shall mean a unit that is no more than five hundred square feet in size and contained entirely within an existing single-family dwelling.

"Owner-occupant" means a person who is domiciled at a particular residence and who is also the owner of that property. A domicile of a person is that place in which his or her habitation is fixed, wherein the person has the intention of remaining, and to which, whenever he or she is absent, the person has the intention of returning.

"Passageway" means a pathway that is unobstructed clear to the sky and extends from a street.

"Tandem parking" means that two or more automobiles are parked on a driveway or in any other location on a lot, lined up behind one another to one entrance of the accessory dwelling unit.

(Ord. No. 358, § 4, 2-12-2018)

17.28.030 - Accessory dwelling units.

A. Generally. Accessory dwelling units shall comply with the following standards:

1. The unit is located within either the RA-S1 or RA-S2 zone;
2. In the event the unit is rented, it shall not be rented for a period of less than thirty days;
3. The lot shall contain a proposed or existing single-family dwelling;
4. The accessory dwelling unit is either attached to the existing dwelling or an accessory structure, or detached from the existing dwelling and located on the same lot as the existing dwelling;
5. Both the primary residence and the accessory dwelling unit shall permanently remain under one ownership and shall not be sold separately;
6. Existing animal-keeping uses and structures, including, but not limited to barns, stables, run-in sheds, animal pens or other similar animal shelters, which are greater than eight hundred square feet, shall not be converted into an accessory dwelling unit. Structures eight hundred square feet or less in size may be completely converted to an accessory dwelling unit; for partial conversions, however, no portion in excess of the accessory dwelling unit may be maintained for animal-keeping uses and the structure must otherwise comply with the requirements for mixed-use structures pursuant to Section 17.16.210 of the Rolling Hills Municipal Code;
7. The unit complies with Title 15 of the Rolling Hills Municipal Code, except that the construction of an accessory dwelling unit is not required to adhere to the grading requirements outlined in Title 15; and
8. The sewage disposal system has been approved by the Los Angeles County Public Health Department, where applicable.

B. Parking. Parking requirements for accessory dwelling units shall not exceed one parking space per unit. These spaces may be provided as uncovered tandem parking on a driveway, as defined in Section 17.12.200 of this title. However, on shared driveways that provide access for multiple lots, parking shall not be permitted on portions of the driveway that are used to provide access to more than one lot. No onsite parking is required for an accessory dwelling unit when one or more of the following is applicable:

1. The accessory dwelling unit is part of an existing or proposed primary single-family dwelling or accessory structure;
2. The property is listed on the California Register of Historic Places; or
3. The property is located within one-half mile of a public transit stop. For the purposes of this section, "public transit" shall include a bus stop with fixed route bus service.

C. Setback. Existing garages that are converted to accessory dwelling units shall not be required to conform to setback requirements. Any existing accessory structures that are converted to accessory dwelling units and any new accessory dwelling unit structures shall conform to the setback requirements for the zone in which they are located.

D. Size.

1. Size of Lot. Accessory dwelling units shall only be permitted on a lot with a minimum net lot area of one acre or greater. For lots with a minimum net lot area less than one acre, only an existing legal detached accessory structure may be converted into a legal accessory dwelling unit; the accessory structure shall be permitted to be expanded to eight hundred square feet.
2. Size of Accessory Dwelling Unit. The maximum size (habitable floor area) for an accessory dwelling unit on any lot shall be no more than eight hundred square feet, but no less than four hundred fifty square feet.

E. Development Standards. The construction of a new accessory dwelling units shall comply with the following:

1. Section 17.16.070, maximum level of site development pertaining to lot coverage and disturbance;
2. Section 17.16.080, height limitations; and
3. Section 17.16.170, maintenance of an area developed with or set aside and usable for a stable, contiguous corral and access thereto that complies with the criteria set forth in Chapter 17.18 of this title.

(Ord. No. 358, § 4, 2-12-2018)

17.28.040 - Accessory dwelling unit conditions of approval, application review, approval process and timelines.

A. An administrative review application shall be required for an accessory dwelling unit. As set forth in Chapter 17.44, the City Manager or his/her designee shall make a decision on a complete administrative application for an accessory dwelling unit within one hundred twenty days of receipt thereof.

B. Mandatory approval required: The City Manager or his/her designee shall approve the administrative application and issue a zone clearance permit if all of the following requirements are met:

1. There is only one accessory dwelling unit per single-family lot, and the unit is fully contained within the space of either a single-family residence or accessory structure;
2. The proposed accessory dwelling unit has exterior access which is independent from the existing primary residence or accessory structure;
3. The side and rear setbacks are sufficient for fire safety;
4. Fire sprinklers have been installed where required by the Los Angeles County Building and Fire Codes;
5. The accessory dwelling unit complies with Section 17.28.030; and
6. The owner occupies either the existing primary residence or the accessory dwelling unit.
7. The proposed accessory dwelling unit will not result in any danger to the public health or safety. For the purposes of this subsection, it shall be a danger to the public health or safety to create an accessory dwelling unit on any property whose property lines fall within an active landslide area, as determined by the City's Building Department;
8. The proposed accessory dwelling unit does not create impacts on the privacy of neighboring residences and, where applicable, the accessory dwelling unit will provide privacy mitigation measures including, but not limited to, the proposed location of the accessory dwelling unit on the lot, window and door placement and design, or screening from adjacent residential properties (via landscaping, etc.);
9. Where the proposed ADU will be located within a new structure, the applicant will provide a new or separate utility connection directly between the accessory dwelling unit and the utility;

C. A covenant in a form approved by the City Attorney shall be recorded with the County Recorder's Office detailing the restriction on the size and the other attributes of the accessory dwelling unit as set forth in this section. The covenant shall include a prohibition on the sale of the accessory dwelling unit separate from the sale of the single-family dwelling, including a statement that the deed restriction may be enforced against future purchasers. An application approving the use of an accessory dwelling unit may be subject to revocation in the event of breach of the terms of the covenant or as otherwise provided in this chapter.

(Ord. No. 358, § 4, 2-12-2018)

17.28.050 - Junior accessory dwelling units.

A. An administrative application shall be required for a junior accessory dwelling unit. As set forth in Chapter 17.44, the City Manager or his/her designee shall make a decision on a complete administrative application for a junior accessory dwelling unit within one hundred twenty days of receipt thereof.

B. The City Manager or his/her designee shall approve the administrative application when all of the following requirements are met:

(1) The owner-occupant of the primary residence located on the residential lot shared by the junior accessory dwelling unit has applied for the administrative junior accessory dwelling unit application;

(2) The unit is constructed within the existing walls of a primary single-family dwelling and utilizes an existing bedroom in the dwelling;

(3) The unit includes a separate entrance from the main entrance to the structure;

(4) The unit includes an efficiency kitchen, which shall include all of the following:

(a) A sink with a maximum waste line diameter of 1.5 inches;

(b) A cooking facility with appliances that do not require electrical service greater than one hundred twenty volts, or natural or propane gas; and

(c) A food preparation counter and storage cabinets that are of reasonable size in relation to the size of the junior unit.

(5) There is only one junior accessory dwelling unit per single-family lot, and the unit is contained within the existing space of a single-family residence;

(6) The primary residence in which the junior accessory dwelling unit exists shall be owner-occupied; and

(7) Both the primary residence and the junior accessory dwelling unit shall permanently remain under one ownership and shall not be sold separately.

C. A junior accessory dwelling unit may include separate sanitation facilities or may share sanitation facilities with the existing single-family dwelling. For the purposes of providing service for water, sewer, or power, or for fire or life protection, a junior accessory dwelling unit shall not be considered a separate or new dwelling unit.

D. This section shall not be interpreted to prohibit the requirement of an inspection, including the imposition of a fee for that inspection, to determine whether the junior accessory dwelling unit is in compliance with applicable building standards.

E. No parking space shall be required for junior accessory dwelling units.

F. In the event the unit is rented, it shall not be rented for a period of less than thirty days.

G. A covenant in a form approved by the City Attorney shall be recorded with the County Recorder's Office detailing the restriction on the size and the attributes of the junior accessory dwelling unit as set forth in this section. The covenant shall include a prohibition on the sale of the junior accessory dwelling unit separate from the sale of the single-family dwelling, including a statement that the deed restriction may be enforced against future purchasers.

(Ord. No. 358, § 4, 2-12-2018)

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 7.A
Mtg. Date: 02/10/2020

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

FROM: **MEREDITH ELGUIRA, PLANNING DIRECTOR**

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

SUBJECT: **ANNOUNCE COX "POP-UP" OPEN HOUSE AT HESSE PARK. TWO SESSIONS BETWEEN 3PM AND 8PM TO ACCOMMODATE RESIDENTS' SCHEDULES. DATE TO BE DETERMINED. (ORAL).**

DATE: **February 10, 2020**

BACKGROUND:
NONE.

DISCUSSION:
NONE.

RECOMMENDATION:
RECEIVE AND FILE.

ATTACHMENTS:

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 7.B
Mtg. Date: 02/10/2020

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

FROM: **ELAINE JENG, CITY MANAGER**

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

SUBJECT: **RECEIVE AND FILE A PRESENTATION FROM THE PALOS VERDES PENINSULA LAND CONSERVANCY ON THE ACACIA AND MUSTARD PLANTS REMOVAL WORK IN THE PRESERVE.**

DATE: **February 10, 2020**

BACKGROUND:
NONE

DISCUSSION:
NONE

RECOMMENDATION:
RECEIVE AND FILE A PRESENTATION FROM THE PALOS VERDES PENINSULA LAND CONSERVANCY ON THE ACACIA AND MUSTARD PLANTS REMOVAL WORK IN THE PRESERVE.

ATTACHMENTS:

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 7.C
Mtg. Date: 02/10/2020

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

FROM: **ELAINE JENG, CITY MANAGER**

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

SUBJECT: **DISCUSS FISCAL YEARS 2021-2022 AND 2022-2023 POTENTIAL BUDGET ITEMS TO SUPPORT THE CITY COUNCIL PRIORITIES DEVELOPED AS A PART OF THE STRATEGIC PLANNING WORKSHOP.**

DATE: **February 10, 2020**

BACKGROUND:

During the Fiscal Year 2019-2020 budget workshop in May 2019, the City Council approved staff's recommendation to hold a Strategic Planning Workshop prior to the budget season discussing the work plan for Fiscal year 2021-2022.

The Strategic Planning Workshop was held on Saturday, January 25, 2020. The City Council also approved to use the regular City Council meetings on February 10, 2020 and February 24, 2020 to develop budget items for Fiscal Years 2021-2022 and 2022-2023.

DISCUSSION:

The following summarizes the four areas the City Council identified as priorities for the City of Rolling Hills:

1. Wildfire Mitigation/Emergency Preparedness
2. Utility Undergrounding
3. Drainage
4. Sewer

Attached to this report is a presentation by staff at the January 27, 2020 City Council meeting providing additional information on the development of the strategic planning priorities

Wildfire Mitigation/Emergency Preparedness
Under this priority, the City Council discussed allocating funding to create fire breaks on either side of the border between the City of Rolling Hills and the Preserve. The City Council also discussed continuing with the active enforcement on the Fire Fuel Abatement Ordinance including taking action on the Rolling Hills Community Association, if necessary.

Utility Undergrounding
Under this priority, the City Council discussed the goal of placing all utility lines within the City underground. This could be accomplished via a combination of grant funds and individual assessment district projects. The City currently has two grant applications with CalOES to underground a segment of Crest Road East near Eastfield Drive, as well as a segment along Eastfield Drive. Staff expects to hear from CalOES in the next six months on their selections.

Drainage
Under this priority, the City Council discussed two actions items: the first action is to implement policy change on parcels to require stormwater detention/retention pits or basins to slow down discharge or infiltrate onsite to eliminate runoffs in the canyons within the City; and the second action is to identify capital improvements to address stormwater runoff from common areas within the City to achieve the same purposes as the first action.

Sewer
Under this priority, the City Council discussed installing sewer main lines to transition the community from using septic tanks. To achieve this priority, the City Council, based on lessons learned from past efforts, discussed seeking implementation via small segments of projects similar to the extension of the Johns Canyon line or the proposed 8" main along Portuguese Bend Road/Rolling Hills Road.

RECOMMENDATION:
STAFF RECOMMENDS THAT THE CITY COUNCIL REVIEW THE CITY COUNCIL PRIORITIES DEVELOPED AS PART OF THE STRATEGIC PLANNING WORKSHOP AND DISCUSS POTENTIAL BUDGET ITEMS FOR FISCAL YEARS 2020-2021 AND 2022-2023; AND DIRECT STAFF TO PROVIDE HIGH LEVEL BUDGET ESTIMATES FOR THE POTENTIAL ITEMS AT THE FEBRUARY 24, 2020 COUNCIL MEETING.

ATTACHMENTS:

Item7D_SummaryStrategicPlanningWorkshop_2020-01-27.pptx

ITEM 8A
PRESENT THE CITY COUNCIL PRIORITIES DEVELOPED AS PART OF THE STRATEGIC PLANNING WORK WORKSHOP

JANUARY 27, 2020

City Council Meeting

City of Rolling Hills

CITY COUNCIL COMMON PRIORITIES

- Wildfire Mitigation/Emergency Preparedness – allocate funding for fire breaks on City's side (adjacent to Conservancy); allocate funding for work in the Preserve; enforcement for emergency preparedness including enforcement actions against HOA if necessary
- Utility Undergrounding – implement via a combination of grant projects and individual assessment projects
- Drainage – seek policy change on individual properties and city to identify capital improvements to address issues
- Sewer – seek to implement via small segment projects if cost is manageable

CITY COUNCIL OTHER SPECIFIED PRIORITIES

- Improve communications with residents – efficiency improvements to the production, and implement occasional two page newsletter
- Shorter City Council meetings – City Manager to play a bigger role in meetings
- ~~Ease the permitting and building process for residents~~
- Minimize legal liability – already work in progress and will be considered in Council's decision process
- Public safety – already work in progress and will be considered in Council's decision process
- Revise view ordinance – revisit with upcoming view cases
- ~~Purchase properties for open space~~
- Refund the residents – continue to monitor unassigned fund balance

STRATEGIC PLANNING BEYOND TODAY

- Report out at the City Council meeting on Monday, January 27, 2020
- Strategic Planning Session #2 at February 10, 2020 City Council meeting; use the establish priorities to define action items
- Strategic Planning Session #3 at February 24, 2020 City Council meeting; continue to use the established priorities to define action items
- April 13, 2020 City Council discuss FY 2020-2021 budget priorities; translate action items to budget items

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 8.A
Mtg. Date: 02/10/2020

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

FROM: **TERRY SHEA, FINANCE DIRECTOR**

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

SUBJECT: **REVIEW OF FISCAL YEAR 2018/2019 AUDITED FINANCIAL STATEMENTS..**

DATE: **February 10, 2020**

BACKGROUND:

Attached you will find the City of Rolling Hills' Fiscal Year 2018-19 Annual Financial Statement (Statement) and associated letters prepared by Lance, Soll & Lunghard, LLP (LSL). The Statement expresses an "unmodified opinion" for the City acknowledging the City's finances and accounting procedures are in order. The Finance/Budget/Audit Committee met with the auditor and reviewed the materials on January 13, 2020 and the Committee Members had a few questions concerning various items as referenced in the meeting notes, all items were answered to their satisfaction.

DISCUSSION:

In November, Lance, Soll & Lunghard, LLP (LSL) audited the City's financial records inclusive of reviewing its internal controls and testing procedures. As a result of that effort, along with an unmodified opinion in the Audit Report, LSL issued two letters and an Appropriations Limit Report. As covered in the attached Internal Control Letter, LSL found that the City has no internal control deficiencies or compliance issues.

RECOMMENDATION:

IT IS RECOMMENDED THAT THE CITY COUNCIL RECEIVE AND FILE THE FISCAL YEAR 2018-2019 ANNUAL FINANCIAL STATEMENTS AND ASSOCIATED AUDIT LETTERS.

ATTACHMENTS:

City of Rolling Hills Audit Comm Ltr Final Draft 01-21-20.pdf
City of Rolling Hills Report on IC Final Draft 01-21-20.pdf
City of Rolling Hills FS Final Draft 01-21-20.pdf

January 16, 2020

To the Honorable Mayor and Members of the City Council
City of Rolling Hills, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills, California (the City) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 16, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2018-2019. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the City's financial statements was (were):

> Management's estimates of its net pension liability and net other post-employment benefits asset are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other postemployment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

DRAFT

Lance, Soll & Lunghard, LLP 203 N. Brea Blvd., Suite 203 | Brea, CA 92821 | Phone: 714.672.0022

To the Honorable Mayor and Members of the City Council
City of Rolling Hills, California

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 16, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis; the budgetary comparison schedules for the general fund and transit fund; the schedules of plan contributions; the schedule of proportionate share of the net pension liability; and the schedule of changes in net other post-employment benefits (OPEB) asset and related ratios which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

DRAFT

LSL
CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council
City of Rolling Hills, California

We were not engaged to report on combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2018-2019 audit:

GASB Statement No. 83, *Certain Assets Retirement Obligations.*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.*

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2019-2020

GASB Statement No. 84, *Fiduciary Activities.*

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement No. 14 and No. 61.*

Fiscal year 2020-2021

GASB Statement No. 87, *Leases.*

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Fiscal year 2021-2022

GASB Statement No. 91, Conduit Debt Obligations.

Restriction on Use

This information is intended solely for the use of City Council and management of the City of Rolling Hills, California and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lunghard, LLP

Brea, California

DRAFT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Rolling Hills, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council
City of Rolling Hills, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lunghard, LLP

Brea, California
January 16, 2020

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CITY OF ROLLING HILLS, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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PREPARED BY:

THE CITY OF ROLLING HILLS, CALIFORNIA

FINANCIAL SERVICES DEPARTMENT

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CITY OF ROLLING HILLS, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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CITY OF ROLLING HILLS, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Rolling Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rolling Hills, California, (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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To the Honorable Mayor and Members of the City Council
City of Rolling Hills, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City retained a qualified actuary to determine the total other post-employment benefits (OPEB) liability as of the measurement date as required by GASB Statement No. 75. The total OPEB liability is calculated by the actuary using estimates and actuarial techniques under actuarial standards of practice in the actuarial valuation as of June 30, 2017. The actuary applied Section 3.7.7(c)4 of Actuarial Standard of Practice No. 6, as revised, and determined that age-adjusted rates are not necessary and therefore, the implicit rate subsidy is not applicable in calculating the total projection of benefits payments. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison schedule for the general fund and transit fund; the schedules of plan contributions; the schedule of proportionate share of the net pension liability; and the schedule of changes in net OPEB asset and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council
City of Rolling Hills, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
January 16, 2020

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Management Discussion and Analysis

The following narrative provides an overview and analysis of the financial activities of the City of Rolling Hills for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $8,211,723 *(net position).* Of this amount, $5,554,544, *(unrestricted net position)* may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $7,470,858. Of this amount $5,406,601 is unassigned and available for spending at the City's discretion.
- At the end of the current year, unassigned fund balance for the General Fund was $5,406,601 which represents 2.91 times the total General Fund expenditures.
- General Fund revenues available for appropriation were $140,661 more than budgeted while actual expenditures were $508,713 less than budgeted. After transfers in and out, the General Fund showed a $488,833 increase in fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements contain the following three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Financial Statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position presents information on all of the City's assets, deferred inflows/outflows of resources and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change regardless of the timing of related cash flows. Thus, some of the revenues and expenses reported in this statement will have no effect on cash until some future fiscal period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover some or all of their costs through user fees and charges (business-type activities).

Governmental activities. Most of the City's basic services are reported in this category, including the general administration, public safety, planning and development, recreation and public works. Property taxes, sales tax, real estate transfer tax, licenses and permits, franchise fees, charges for services, interest income, grants, contributions from other agencies, and other revenues finance these activities.

Business-type activities. The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Refuse Collection operation is reported in this category.

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The government-wide financial statements can be found on pages 13 to 14 of this report.

Fund Financial Statements. The fund financial statements provide detailed information about the City's most significant funds. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The difference between the results in the Governmental Fund financial statements to those in the Government wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

In addition to the major funds reported separately on the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance, the City also maintains 7 special revenue funds and one capital project fund. Data from these funds are combined into a single, aggregated presentation referred to as other governmental funds.

Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental and proprietary funds. A budget comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This comparison can be found on page 50 of this report.

The basic governmental fund financial statements can be found on pages 15 to 18 of this report.

Proprietary funds. When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Within the category of proprietary funds are Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Refuse activity. Internal service funds are an accounting devise used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Municipal Self Insurance costs. Because these services predominantly benefit governmental rather than business-type functions, this fund has been included within the governmental activities in the government-wide financial statement.

The basic proprietary fund financial statements can be found on pages 19 to 21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position.

The basic fiduciary fund financial statements can be found on page 22 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 to 47 of this report.

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Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 50 to 68 of this report.

Governmental-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position for fiscal years 2018-2019 and 2017-2018 are shown in Table 1. In the City of Rolling Hills, total assets and deferred outflows exceeded total liabilities and deferred inflows by $8,211,723 at June 30, 2019.

Table 1
City of Rolling Hills Net Position

	Governmental Activities		Business Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	$8,236,301	$7,644,776	$574,657	$612,701	$8,810,958	$8,257,477
Capital assets	599,129	576,809	-	-	599,129	576,809
Total assets	8,835,430	8,221,585	574,657	612,701	9,410,087	8,834,286
Deferred outflows of resources:						
Pension/OPEB related items	217,494	234,156	-	-	217,494	234,156
Liabilities:						
Current and other liabilities	947,698	821,947	397,136	387,385	1,344,834	1,209,332
Total Liabilities	947,698	821,947	397,136	387,385	1,344,834	1,209,332
Deferred inflows of resources:						
Pension related items	71,024	90,261	-	-	71,024	90,261
Net position:						
Invested in capital assets	599,129	576,809	-	-	599,129	576,809
Restricted	2,058,050	1,894,903	-	-	2,058,050	1,894,903
Unrestricted	5,377,023	5,071,821	177,521	225,316	5,554,544	5,297,137
Total net position	$8,034,202	$7,543,533	$177,521	$225,316	$8,211,723	$7,768,849

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Of the City of Rolling Hills net position, 7.30% reflects its investment in capital assets. An additional portion of the City of Rolling Hills net position, 25.06% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 67.64% may be used to meet the government's ongoing obligations.

At the end of the current fiscal year, the City of Rolling Hills is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true for the prior fiscal year.

Governmental activities. As a result of the governmental activities, the City of Rolling Hills net position increased by $442,874. Key elements of this increase are as follows:

Table 2
City of Rolling Hills Net Position
Changes in Net Position

	Governmental Activities		Business Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$536,917	$820,209	$770,401	$772,267	$1,307,318	$1,592,476
Operating grants and contributions	327,667	249,527	-	-	327,667	249,527
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	1,189,613	1,089,838	-	-	1,189,613	1,089,838
Franchise taxes	14,930	17,965	-	-	14,930	17,965
Other taxes	62,466	49,942	-	-	62,466	49,942
Motor Vehicle in lieu - unrestricted	215,126	208,562	-	-	215,126	208,562
Use of money and property	277,023	153,940	-	-	277,023	153,940
Other	7,276	12,433	-	-	7,276	12,433
Total revenues	2,631,018	2,602,416	770,401	772,267	3,401,419	3,374,683
Expenses:						
General government	867,059	785,119	-	-	867,059	785,119
Public safety	397,442	406,498	-	-	397,442	406,498
Planning and development	735,605	797,528	-	-	735,605	797,528
Recreation	2,500	2,700	-	-	2,500	2,700
Public works	161,743	24,993	-	-	161,743	24,993
Refuse Collection Fund	-	-	794,196	774,769	794,196	774,769
Total expenses	2,164,349	2,016,838	794,196	774,769	2,958,545	2,791,607
Excess (deficiency) before transfers	466,669	585,578	(23,795)	(2,502)	442,874	583,076
Transfers	24,000	24,000	(24,000)	(24,000)	-	-
Increase (decrease) in net position	490,669	609,578	(47,795)	(26,502)	442,874	583,076
Net position – beginning-restated	7,543,533	6,933,955	225,316	251,818	7,768,849	7,185,773
Net position - ending	$8,034,202	$7,543,533	$177,521	$225,316	$8,211,723	$7,768,849

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Governmental Activities

The increase in net position of $442,874 during the current fiscal year is directly related to the revenues exceeding the expenditures of the governmental funds by $431,159. The governmental funds had a net change in fund balance of $455,159 which was offset in the government-wide statements by $9,916 for the funding of the OPEB, $8,407 in pension related expenses, $(5,133) in the change in compensated absences payable and capital asset activity of $22,320. The net cost of all governmental activities for the year was $1,299,765. Overall, the City's governmental program revenues were $864,584; of the remaining "public benefit" governmental activities, $1,189,613 were paid with Property Taxes, Motor Vehicle in lieu Taxes of $215,126 and Use of Money and Property of $277,023.

The City's programs for governmental activities include General Government, Public Safety, Planning and Development, Public Works and Recreation.

Business-Type Activities

The program for the business-type activities includes refuse collection operations.

As a result of the business-type activities, the City of Rolling Hills net position decreased by $47,795. The decrease in net position is mainly attributable to not increasing in the monthly refuse charges because of available reserves. Charges for services are the major revenue source for the City's business type activities, accounting for 100% or $770,401 of total business-type activity revenue. The cost of Proprietary (Business Type) activities this year was $794,196 and included $24,000 of transfers to the General Fund for administrative services.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2018-19, the City's governmental funds reported combined ending fund balances of $7,470,858 an increase of $455,159 from the previous year. The increase is attributed to revenues and transfers in exceeding expenditures and transfers out in the current fiscal year of $455,159. Total governmental revenues of $2,631,018 increased by $28,602 from prior year amount of $2,602,416, the components of the increase are as follows; property taxes increased $99,775, building permits revenue decreased by $(287,090) due to less activity, motor vehicle in-lieu increased $6,564, interest income increased $123,083, Proposition A exchange revenues increased by $56,250, COPS funds increased by $9,331 and Transit Fund revenues increased by $12,512. Total governmental expenditures of $2,199,859 increased by $174,409 from the prior year amount of $2,025,450, the components of the increase are as follows; General Government expenditures increased by $78,820, Planning and Development costs decreased by $56,153 due to decreased activity, Public Works expenditures increased by $148,262 due to the exchange of Proposition A Funds of $75,000 and the gifting of Proposition C Funds of $65,000 in the current year and none in the prior year, and $17,500 in undergrounding projects in the current year. Public Safety expenditures decreased by $9,056 due to less activity in wildlife pest control and management.

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There are three major funds on the balance sheet for governmental funds. The first is the General Fund, the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance was $5,406,601 which represents 93.29% of total fund balance of $5,795,780. As a measure of the General Fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 2.91 times of total General Fund expenditures, while total fund balance represents 3.12 times of that same amount. Restricted fund balance in the General Fund is $382,972 which is funds held in a pension stabilization fund held in Section 115 Trust. The City established the Trust in the fiscal year 2017-18.

The City's General Fund fund balance increased by $488,833 during the current fiscal year which is $11,957 less than the prior year increase of $500,790, primarily because of increases in property taxes of $99,775, motor vehicle in-lieu fees of $6,654, decrease in building permits revenue of $287,090, and an increase interest earnings of $123,083 offset by an increase in General Fund expenditures of $174,409.

The Underground Utility Fund on the City's governmental funds balance sheet is a major fund. The Capital Projects – Utility Fund provides funds for consultant and construction services for underground utilities projects and other infrastructure improvements. The Capital Projects – Utility Fund has a total fund balance of $1,463,200. There was decrease of $17,500 for the Capital Projects - Utility Fund for the fiscal year 2018-19 for consulting fees for undergrounding projects. During the current fiscal year the City exchanged $675,295 with a neighboring City and received Southern Cal Edison Rule 20A funds of $1,125,491 for future undergrounding projects.

The Transit Fund on the City's governmental funds balance sheet is a major fund. The Transit Fund is a special revenue fund and is used to facilitate the revenues and expenditures of the Proposition A and Proposition C funds for transit related expenditures which are derived from the ½% Sales Tax collected by Los Angeles County and returned to the City under Local Return Guidelines. The Transit Fund fund balance at June 30, 2019 was $26,411 a decrease of $66,081 from the prior year fund balance of $92,492. The decrease is due to the exchange of Proposition A Funds of $75,000 and the gifting of Proposition C Funds of $65,000 in the current year and none in the prior year offset by current year revenues of $73,919.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements but in greater detail.

Ending unrestricted net position for the Refuse Collection - Enterprise Fund is $177,521. The total change in net position for the Refuse Collection - Enterprise Fund was a net position decrease of $47,795.

Ending unrestricted net position for the Municipal Self Insurance Fund - Internal Service Fund is $260,374. There was no change in net position for the Municipal Self Insurance Fund - Internal Service Fund for the fiscal year 2018-19.

General Fund Budgetary Highlights

The difference between the original General Fund budget and the final amended budget was an increase in revenues of $43,000 and an increase of $79,175 in expenditures, which is summarized as follows:

Interest income was increased by $43,000 because of the increased rate of return on the investments.

Website costs were increased $5,000 to upgrade the website, the Election Expense costs were decreased by $25,000 as there was no need for an election, Consulting Fees were increased by $35,500 for a solid waste diversion compliance audit, solid waste contract negotiations and to upgrade the City's computer network, and Special Project Study Consultant costs were increased by $25,000 for grant applications, Emergency Preparedness cost were increased by $6,675 to purchase communication devices and kits, and capital Outlay Equipment costs were increased by $32,000 for a new color copier and generator repairs.

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Actual to budget revenue variances included positive variances for Taxes of $135,009 and Use of Money and Property of $85,036 and negative variance in License and Permits of $77,952. Total General Fund revenues were $140,661 more than budgeted.

Total General Fund expenditures were $508,713 less than budgeted due to savings in City Administration costs of $297,628, of which $185,000 is related to the Section 115 Pension Stabilization Trust. In Planning and Development costs were less than budgeted by $126,846 due to decreased activity. Public Safety costs were less than budgeted by $52,239 as a result of less activity for Wildlife Management and Animal Control expenditures. Also, actual transfers out were $257,834 less than budgeted as the planned projects were not started during the fiscal year.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to $599,129. This investment includes land for the City Hall campus, tennis courts, Poppy Trail land, Hesse's Gap, Hix Ring and Storm Hill Park. Additional information on the City of Rolling Hills capital assets can be found in Note 5 on page 35 of this report.

Long-term Liabilities. The City avoids debt financing and has no long-term debt. At the end of the current fiscal year, the City's compensated absences increased by $5,133 to $29,437.

Other Post-Employment Health Care Benefits

The City adopted GASB Statement 75 during the prior fiscal year and the liability of $374,204 was offset by the City's fiduciary net position of $583,430 which resulted in a Net OPEB Asset of $209,226, which is included on the Statement of Net Position. See Note 9 on pages 44 to 47.

Pension Plan Obligations

The City implemented GASB Statement 68 during fiscal year 2014-15 which resulted in ending net pension liability of $421,924 at June 30, 2015, $369,954 at June 30, 2016, $528,827 at June 30, 2017, and $627,859 at June 30, 2018 and $622,418 at June 30, 2019.

Economic Factors and Next Year's Budgets

The City Council adopted the Fiscal Year 2019-20 budget on June 10, 2019, and the following factors were considered in preparing the budget:

- The City budgeted an increase in property taxes of 6% and a 4.2% increase in demand for development activity offset by a .25 reduction in the fee multiplier. The Fiscal Year 2019-20 budget includes a net increase in budgeted revenues of $109,350 in the General Fund.

- The Fiscal Year 2019-20 General Fund expenditures are $54,550 less than prior year; due to the current fiscal year including additional salary and benefits costs for the Administration Department of $105,800, offset by the decrease in the pension stabilization expenditure of $185,000.

- The City's General Fund adopted budget anticipates having a deficit after transfers in and out of $329,300 for Fiscal Year 2019-20. Included are transfers out to the Capital Improvement Fund of $340,000 for the Tennis Court Rehabilitation project and to the Traffic Safety Fund of $54,500 for road striping.

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Contacting the City's Financial Department

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department at the City of Rolling Hills, 2 Portuguese Bend Road, Rolling Hills, California 90274.

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CITY OF ROLLING HILLS, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$ 6,690,759	$ 532,190	$ 7,222,949
Receivables:			
Accounts	240,809	42,467	283,276
Accrued interest	31,033	-	31,033
Deposits	675,295	-	675,295
Prepaid costs	6,207	-	6,207
Restricted cash and investments	382,972	-	382,972
Capital assets not being depreciated	572,040	-	572,040
Capital assets, net of depreciation	27,089	-	27,089
Net other post-employment benefits asset	209,226	-	209,226
Total Assets	**8,835,430**	**574,657**	**9,410,087**
Deferred Outflows of Resources:			
Pension deferrals	199,070	-	199,070
Other post-employment benefit deferrals	18,424	-	18,424
Total Deferred Outflows of Resources	**217,494**	**-**	**217,494**
Liabilities:			
Accounts payable	271,311	397,136	668,447
Accrued liabilities	16,568	-	16,568
Deposits payable	7,964	-	7,964
Compensated absences, due within one year	7,000	-	7,000
Noncurrent liabilities:			
Compensated absences	22,437	-	22,437
Net pension liability	622,418	-	622,418
Total Liabilities	**947,698**	**397,136**	**1,344,834**
Deferred Inflows of Resources:			
Pension deferrals	69,631	-	69,631
Other post-employment benefit deferrals	1,393	-	1,393
Total Deferred Inflows of Resources	**71,024**	**-**	**71,024**
Net Position:			
Investment in capital assets	599,129	-	599,129
Restricted:			
Public safety	68,531	-	68,531
Public works	132,092	-	132,092
Capital projects	1,463,200	-	1,463,200
Quimby Act	11,255	-	11,255
Pension stabilization trust	382,972	-	382,972
Unrestricted	5,377,023	177,521	5,554,544
Total Net Position	**$ 8,034,202**	**$ 177,521**	**$ 8,211,723**

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
				Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Contributions and Grants**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental Activities:						
General government	$ 867,059	$ 694	$ 56,250	$ (810,115)	$ -	$ (810,115)
Public safety	397,442	20,976	149,744	(226,722)	-	(226,722)
Planning and development	735,605	515,247	-	(220,358)	-	(220,358)
Recreation	2,500	-	-	(2,500)	-	(2,500)
Public works	161,743	-	121,673	(40,070)	-	(40,070)
Total Governmental Activities	2,164,349	536,917	327,667	(1,299,765)	-	(1,299,765)
Business-Type Activities:						
Refuse collection	794,196	770,401	-	-	(23,795)	(23,795)
Total Business-Type Activities	794,196	770,401	-	-	(23,795)	(23,795)
Total	**$ 2,958,545**	**$ 1,307,318**	**$ 327,667**	**(1,299,765)**	**(23,795)**	**(1,323,560)**
General Revenues:						
Taxes:						
Property taxes				1,189,613	-	1,189,613
Sales taxes				6,455	-	6,455
Franchise taxes				14,930	-	14,930
Other taxes				56,011	-	56,011
Motor vehicle in lieu - unrestricted				215,126	-	215,126
Use of money and property				277,023	-	277,023
Other				7,276	-	7,276
Transfers				24,000	(24,000)	-
Total General Revenues and Transfers				**1,790,434**	**(24,000)**	**1,766,434**
Change in Net Position				490,669	(47,795)	442,874
Net Position, Beginning of the Year				7,543,533	225,316	7,768,849
Net Position, End of the Year				**$ 8,034,202**	**$ 177,521**	**$ 8,211,723**

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Transit Fund	Capital Projects Fund: Underground Utility Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	$ 5,284,557	$ 166,411	$ 787,905	$ 191,512	$ 6,430,385
Receivables:					
Accounts	240,809	-	-	-	240,809
Accrued interest	31,033	-	-	-	31,033
Deposits	-	-	675,295	-	675,295
Prepaid costs	6,207	-	-	-	6,207
Restricted cash and investments	382,972	-	-	-	382,972
Total Assets	**$ 5,945,578**	**$ 166,411**	**$ 1,463,200**	**$ 191,512**	**$ 7,766,701**
Liabilities and Fund Balance:					
Liabilities:					
Accounts payable	$ 125,266	$ 140,000	$ -	$ 6,045	$ 271,311
Accrued liabilities	16,568	-	-	-	16,568
Deposits payable	7,964	-	-	-	7,964
Total Liabilities	149,798	140,000	-	6,045	295,843
Fund Balance:					
Nonspendable:					
Prepaid costs	6,207	-	-	-	6,207
Restricted:					
Public safety - police	-	-	-	68,531	68,531
Grants - public works	-	26,411	-	105,681	132,092
Capital projects	-	-	1,463,200	-	1,463,200
Quimby Act	-	-	-	11,255	11,255
Pension stabilization trust	382,972	-	-	-	382,972
Unassigned	5,406,601	-	-	-	5,406,601
Total Fund Balance	5,795,780	26,411	1,463,200	185,467	7,470,858
Total Liabilities and Fund Balance	**$ 5,945,578**	**$ 166,411**	**$ 1,463,200**	**$ 191,512**	**$ 7,766,701**

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		$ 7,470,858
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		599,129
Compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.		(29,437)
Governmental funds report all pension contributions as expenditures; however, in the statement of activities, the excess/deficiency of the total pension liability over/under the plan fiduciary net position is reported as a net pension liability/asset.		(622,418)
Pension-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	$ 68,379	
Changes in assumptions	73,770	
Difference between expected and actual experiences	24,828	
Net difference between projected and actual earnings on plan investments	3,199	
Adjustments due to differences in proportions	28,894	199,070
Pension-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Changes in assumptions	(18,080)	
Difference between expected and actual experiences	(8,449)	
Difference in proportionate share	(43,102)	(69,631)
Governmental funds report all other post-employment benefits contributions as expenditures; however, in the statement of net position, the excess of the plan fiduciary net position over the total other post-employment benefits liability is reported as a net other post-employment benefits asset.		209,226
Other post-employment benefits-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date		18,424
Other post-employment benefits-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Investment Gains/Losses		(1,393)
Internal service funds are used by management to charge the costs of certain activities, such as equipment and technology replacement, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		260,374
Net Position of Governmental Activities		**$ 8,034,202**

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General	Transit Fund	Capital Projects Fund: Underground Utility Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 1,267,009	$ -	$ -	$ -	$ 1,267,009
Licenses and permits	482,048	-	-	-	482,048
Intergovernmental	272,373	70,592	-	199,828	542,793
Charges for services	33,893	-	-	-	33,893
Use of money and property	269,036	3,327	-	4,660	277,023
Fines and forfeitures	20,976	-	-	-	20,976
Miscellaneous	7,276	-	-	-	7,276
Total Revenues	**2,352,611**	**73,919**	**-**	**204,488**	**2,631,018**
Expenditures:					
Current:					
General government	874,197	-	-	-	874,197
Public safety	245,361	-	-	152,081	397,442
Planning and development	739,254	-	-	-	739,254
Recreation	-	-	-	2,500	2,500
Public works	-	140,000	17,500	15,755	173,255
Capital outlay	-	-	-	13,211	13,211
Total Expenditures	**1,858,812**	**140,000**	**17,500**	**183,547**	**2,199,859**
Excess (Deficiency) of Revenues Over (Under) Expenditures	493,799	(66,081)	(17,500)	20,941	431,159
Other Financing Sources (Uses):					
Transfers in	24,000	-	-	28,966	52,966
Transfers out	(28,966)	-	-	-	(28,966)
Total Other Financing Sources (Uses)	**(4,966)**	**-**	**-**	**28,966**	**24,000**
Net Change in Fund Balance	488,833	(66,081)	(17,500)	49,907	455,159
Fund Balance, Beginning of the Year	5,306,947	92,492	1,480,700	135,560	7,015,699
Fund Balance, End of the Year	**$ 5,795,780**	**$ 26,411**	**$ 1,463,200**	**$ 185,467**	**$ 7,470,858**

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 455,159
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was less than depreciation expense in the current period.		
Capital outlay	$ 24,723	
Depreciation	(2,403)	22,320
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(5,133)
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		8,407
Other post-employment benefits obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		9,916
Change in Net Position of Governmental Activities		**$ 490,669**

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Fund
	Refuse Collection Fund	
Assets:		
Current:		
Cash and investments	$ 532,190	$ 260,374
Accounts receivable	42,467	-
Total Current Assets	574,657	260,374
Total Assets	**574,657**	**260,374**
Liabilities:		
Current:		
Accounts payable	397,136	-
Total Current Liabilities	397,136	-
Total Liabilities	**397,136**	**-**
Net Position:		
Unrestricted	177,521	260,374
Total Net Position	**$ 177,521**	**$ 260,374**

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Fund	Governmental Activities- Internal Service Fund
	Refuse Collection Fund	
Operating Revenues:		
Sales and service charges	$ 770,401	$ -
Total Operating Revenues	**770,401**	**-**
Operating Expenses:		
Refuse collection	794,196	-
Total Operating Expenses	**794,196**	**-**
Operating Loss Before Transfers	(23,795)	-
Transfers out	(24,000)	-
Change in Net Position	(47,795)	-
Net Position, Beginning of the Year	225,316	260,374
Net Position, End of the Year	**$ 177,521**	**$ 260,374**

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALIFORNIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Fund	Governmental Activities-
	Refuse Collection Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers and users	$ 766,442	$ -
Cash paid to suppliers for goods and services	(784,445)	-
Net Cash Used for Operating Activities	**(18,003)**	**-**
Cash Flows from Non-Capital Financing Activities:		
Cash transfers out	(24,000)	-
Net Cash Used for Non-Capital Financing Activities	**(24,000)**	**-**
Net Decrease in Cash and Cash Equivalents	(42,003)	-
Cash and Cash Equivalents, July 1	574,193	260,374
Cash and Cash Equivalents, June 30	**$ 532,190**	**$ 260,374**
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating loss	$ (23,795)	$ -
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Increase in accounts receivable	(3,959)	-
Increase in accounts payable	9,751	-
Total adjustments	5,792	-
Net Cash Provided by Operating Activities	**$ (18,003)**	**$ -**

Non-Cash Investing, Capital, and Financing Activities:
There were no non-cash transactions during the fiscal year

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The notes to financial statements are an integral part of this statement.

CITY OF ROLLING HILLS, CALFORNIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	Agency Fund
Assets:	
Cash and investments	**$ 1,303**
Total Assets	**$ 1,303**
Liabilities:	
Deposits payable	$ 1,303
Total Liabilities	**$ 1,303**

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The notes to financial statements are an integral part of this statement.

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

The basic financial statements of the City of Rolling Hills, California (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Description of Entity

The accompanying basic financial statements present the financial activity of the City of Rolling Hills. The City is the level of government primarily accountable for activities relevant to the operations of the City of Rolling Hills, California.

The City of Rolling Hills (the City) was incorporated on January 25, 1957, under the provisions of the State of California. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, sanitation, animal control, culture and recreation, public improvement planning and zoning, and general administrative services.

The Rolling Hills Community Association is not a part of the City's reporting entity because the City has no accountability for fiscal matters of the Rolling Hills Community Association.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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Note 1: Organization and Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary funds function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Transit special revenue fund is used to account for restricted financial resources received from Proposition A and Proposition C grant funding.

The Underground Utility capital projects fund is used to facilitate the expenditures necessary to construct the City's underground utility projects.

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Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The City reports the following major proprietary fund:

The Refuse Collection Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- The internal service fund accounts for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. The City's internal service fund is for self-insurance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Agency funds are used to account for assets held by the City in an agency capacity. The City reports an Agency fund for deposits.

d. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

Cash and Investments

All cash and investments, except those that are held by fiscal agents, are held in a City pool. These pooled funds are available upon demand and, therefore, are considered cash and cash equivalents for purposes of the statement of cash flows. Investments held by fiscal agents with an original maturity of three months or less are also considered cash equivalents and are shown as restricted assets for financial statement presentation purposes.

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of allowance for uncollectibles.

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Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the purchases method.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building improvements	7-50
Improvements other than buildings	20
Computer equipment	5-20
Equipment and vehicles	5-20
Furniture and fixtures	20

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees in the period taken or upon separation from City's service. All vacation pay is accrued when incurred in the government-wide financial statements. In governmental funds, the cost of vacations is recognized when payments are made to employees.

Accumulated sick leave benefits are not recognized as liabilities of the City. The City's policy is to record sick leave as an operational expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two items that qualify for reporting in this category. They are deferred outflows relating to the net pension obligation and deferred outflows related

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Note 1: Organization and Summary of Significant Accounting Policies (Continued)

to other post-employment benefits reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, the net difference between projected and actual earnings on plan investments, changes in actuarial assumptions, differences between expected and actual experiences, and adjustments due to differences in proportions. The amounts for contributions made after the measurement period will be recognized in the subsequent fiscal year; the net difference between projected and actual earnings on plan investments will be amortized over five years; and all remaining deferrals will be amortized over the remaining expected average remaining service life.

In addition to liabilities, the statement of financial position or governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government may report one item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category, accordingly, unavailable revenue, is reported only in the governmental funds balance sheet and is related to grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item that qualifies for reporting in this category are deferred inflows relating to the net pension obligation reported in the government-wide statement of net position. These inflows are the result changes in actuarial assumptions, differences between expected and actual experiences, adjustments to proportions, and differences in the proportionate share of contributions. These amounts are deferred and amortized over the remaining service life.

Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Non-spendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through resolution. The City has no committed fund balance as of June 30, 2019.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The assigned balance is set aside with the intent to be used for a specific purpose by the City Council through resolution.

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Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include non-spendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications.

The City established certain a minimum fund balance policy as follows:

The General Fund, Community Facilities Fund, and Utility Fund shall maintain unrestricted fund balance (amount remaining after non-spendable and restricted fund balance) equivalent to a minimum of 100% of originally adopted annual expenditures (excluding one-time expenditures greater than $25,000) before transfers plus any City Council approved committed or assigned fund balance.

Fund Equity Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Property Tax

Property tax revenue is recognized on the basis of GASB Code Section P70, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period.

The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 AM on the first day in January prior to the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, by December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year and are delinquent, if unpaid, on August 31.

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Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD): June 30, 2017

Measurement Date (MD): June 30, 2018

Measurement Period (MP): July 1, 2017 to June 30, 2018

Other Post-Employment Benefits Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by the California Public Employees' Retirement System (CalPERS), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD): June 30, 2017

Measurement Date (MD): June 30, 2018

Measurement Period (MP): July 1, 2017 to June 30, 2018

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II. DETAILED NOTES ON ALL FUNDS

Note 2: Cash and Investments

As of June 30, 2019, cash and investments were reported in the accompanying financial statements as follows:

Cash and Investments:		
Governmental activities	$	6,690,759
Business-type activities		532,190
Fiduciary funds		1,303
Total cash and investments		7,224,252
Restricted cash and investments:		
Governmental activities		382,972
Total restricted cash and investments		382,972
Total	$	7,607,224

Cash and investments as of June 30, 2019, consisted of the following:

Cash on hand	$	1,500
Demand deposits		1,089,305
Restricted investments (Section 115 Trust)		382,972
Investments		6,133,447
Total Cash and Investments	$	7,607,224

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated annually to the various funds based on average daily cash balances. Interest Income from cash and investments with fiscal agents is credited directly to the related fund.

a. Deposits

As of June 30, 2019, the carrying amount of the City's deposits was $1,089,305 and the bank balance was $1,334,652. The $245,347 difference represents outstanding checks and deposits in transit.

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Note 2: Cash and Investments (Continued)

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

b. Investments

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Bonds, Notes and Bills
- Money Market Savings Accounts
- Local Agency Investment Fund (State Pool)
- Deposit of Funds

c. Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

d. Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

e. Pension Rate Stabilization Program Section 115 Trust

In July 2018, the City Council authorized participation in the PARS Pension Rate Stabilization Program Section 115 Trust in order to mitigate rising pension costs through CalPERS. The initial funding amount was $185,000. The program has been established as a multiple employer trust so that public agencies regardless of size can join the program and receive the necessary economies of scale to keep administrative feels low and avoid any setup costs. The trust permits the City, under Federal and State law, to invest in a more diversified array of investments to maximize investment returns long term. The balance of the Trust at June 30, 2019 is $382,972 and is reported as restricted cash and investments.

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Note 2: Cash and Investments (Continued)

f. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City mitigates its credit risk generally by following its three primary investment objectives, in order, of safety, liquidity and yield. The California Government Code generally limits allowable investments to those classes of investments with lower risk (and therefore lower yields). The City's investment policy further restricts these investments to the highest quality within a category and excludes certain otherwise allowable investments as not meeting the City's liquidity requirement.

Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of June 30, 2019, all securities were investment grade and were legal under State and City law. Investments in U.S. government securities are not considered to have a credit risk and, therefore, their credit quality is not disclosed As of June 30, 2019, the City's investments in external investment pools and money market mutual funds are unrated.

g. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2019, $1,339,499 of the City’s deposits or investments were exposed to custodial credit risk, although deposits are classified as local agency collateralized deposit account.

h. Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. As of June 30, 2019, in accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk. The Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

As of June 30, 2019, none of the City’s deposits or investment were exposed to concentration of credit risk.

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Note 2: Cash and Investments (Continued)

i. Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy establishes a maximum maturity of three years for all individual investments.

As of June 30, 2019, the City had the following investments and original maturities:

	Investment Maturities (in Years)			
	1 year or less	1 - 3 years	3 - 5 years	Fair Value
Investments:				
Local Agency Investment Fund	$ 2,680,900	$ -	$ -	$ 2,680,900
Money Market Saving Accounts	254,847	-	-	254,847
Certificates of Deposits	2,704,353	493,347	-	3,197,700
Restricted investments:				
Money Market Funds	382,972	-	-	382,972
	$ 6,023,072	$ 493,347	$ -	$ 6,516,419

j. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2019, all of the City's investments are valued using Level 1 inputs, with the exception of the Local Agency Investment Fund, which is considered to be uncategorized.

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Note 3: Receivables

Receivables at June 30, 2019, for the City's individual major funds, and non-major and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are detailed below. All receivables are expected to be collected within one year, except for delinquent property taxes.

Accounts Receivable	General Fund	Refuse Collection Fund	Total
Accounts	$ 240,809	$ -	$ 240,809
Taxes assessed for rubbish collection	-	42,467	42,467
Total Receivables	$ 240,809	$ 42,467	$ 283,276

Note 4: Interfund Transfers

Individual fund operating transfers for the fiscal year ended June 30, 2019, are as follows:

	Transfers Out		
Funds	General Fund	Refuse Collection Fund	Total
Transfers In:			
General Fund	$ -	$ 24,000	$ 24,000
Non-Major Funds	28,966	-	28,966
Total	$ 28,966	$ 24,000	$ 52,966

The General Fund transferred out $28,966 to the non-major governmental funds for covering costs incurred for Road Striping Project and to cover project expenditures. The Refuse Collection Fund transferred out $24,000 to the General Fund to cover administrative expenditures in the current fiscal year.

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Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 564,040	$ -	$ -	$ 564,040
Construction-in-progress	475	7,525	-	8,000
Total Capital Assets, Not Being Depreciated	564,515	7,525	-	572,040
Capital assets, being depreciated:				
Land Improvements	176,139	-	-	176,139
Equipment	-	11,987	-	11,987
Fixtures	13,660	5,211	-	18,871
Total Capital Assets, Being Depreciated	189,799	17,198	-	206,997
Less accumulated depreciation:				
Land Improvements	176,139	-	-	176,139
Equipment	-	1,199	-	1,199
Fixtures	1,366	1,204	-	2,570
Total Accumulated Depreciation	177,505	2,403	-	179,908
Total capital assets being depreciated, net	12,294	14,795	-	27,089
Governmental Activities Capital Assets, net	$ 576,809	$ 22,320	$ -	$ 599,129

During the fiscal year ended June 30, 2019, depreciation expense was $2,403 and allocated to general government functional expense.

Note 6: Compensated Absences

The following is a summary of changes in compensated absences of the City for the fiscal year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Compensated Absences	$ 24,304	$ 30,863	$ 25,730	$ 29,437	7,000
Total	$ 24,304	$ 30,863	$ 25,730	$ 29,437	$ 7,000

Liabilities for compensated absences are typically liquidated by the General Fund.

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Note 7: Liability, Insured Programs and Workers' Compensation Protection

a. Description of Self-Insured Pool Pursuant to Joint Powers Agreement

The City of Rolling Hills is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012 - 13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to $30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $30,000 to $750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from $750,000 to $50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is $50 million per occurrence. Subsidence losses have a sub-limit of $40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: https://cjpia.org/protection/coverage-programs.

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Note 7: Liability, Insured Programs and Workers' Compensation Protection (Continued)

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to $50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $50,000 to $100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from $100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2018-19 the Authority's pooled retention is $2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to $2 million. Coverage from $2 million to $5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from $5 million to $10 million are pooled among members.

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Rolling Hills participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Rolling Hills. Coverage is on a claims-made basis. There is a $50,000 deductible. The Authority has an aggregate limit of $50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a $10 million sublimit during the 3-year policy term.

Property Insurance

The City of Rolling Hills participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rolling Hills property is currently insured according to a schedule of covered property submitted by the City of Rolling Hills to the Authority. City of Rolling Hills property currently has all-risk property insurance protection in the amount of $996,407. There is a $10,000 deductible per occurrence except for nonemergency vehicle insurance which has a $2,500 deductible.

Crime Insurance

The City of Rolling Hills purchases crime insurance coverage in the amount of $1,000,000 with a $2,500 deductible. The fidelity coverage is provided through the Authority.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2018-19.

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Note 8: Pension Plan Obligations

a. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City of Rolling Hills' cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The City of Rolling Hills has a Miscellaneous cost-sharing plan including the Classic Tier and PEPRA Tier.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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Note 8: Pension Plan Obligations (Continued)

Below is a summary of the plans' provisions and benefits in effect at June 30, 2019, for which the City of Rolling Hills has contracted:

Major Benefit Options	Miscellaneous	Miscellaneous PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Provision		
Benefit Formula	2.0% @ 60	2.0% @ 62
Social Security	yes	no
Full/Modified	modified	modified
Benefit vesting schedule	5 yrs service	5 yrs service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50	
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employer contribution rates	16.269%	8.297%
Required employee contribution rates	6.910%	6.500%

New entrants are not allowed in the Miscellaneous Classic Tier.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as a reduction to the net pension liability for all Plans was $54,671.

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Note 8: Pension Plan Obligations (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the City of Rolling Hills reported net pension liability for its proportionate shares of the net pension liability of the Plan was $622,418.

The City of Rolling Hills' net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018, was as follows:

	Miscellaneous Classic
Proportion - June 30, 2017	0.00633%
Proportion - June 30, 2018	0.00679%
Change - Increase (Decrease)	7.26698%

For the year ended June 30, 2019, the City of Rolling Hills recognized pension expense of $59,971. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 68,379	$ -
Change in assumptions	73,770	18,080
Difference between expected and actual experiences	24,828	8,449
Net difference between projected and actual earnings on plan investments	3,199	-
Adjustment due to differences in proportions	28,894	-
Difference in proportionate share of contributions	-	43,102
Total	$ 199,070	$ 69,631

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Note 8: Pension Plan Obligations (Continued)

The $68,379 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2020	$ 56,471
2021	30,418
2022	(20,009)
2023	(5,820)

Actuarial Assumptions

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017, total pension liability. The June 30, 2017 and the June 30, 2018, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%
Mortality Rate Table [(1)]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

[(1)] The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

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Note 8: Pension Plan Obligations (Continued)

Change in Assumptions

For the measurement date June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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Note 8: Pension Plan Obligations (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0	1.00	2.62
Inflation Sensitive	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	0.0	(0.92)

(1) An expected inflation of 2.0% used for this period.
(2) An expected inflation of 2.92% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability/ (asset) of the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15 percent) or 1% point higher (8.15 percent) than the current rate:

Plan's Net Pension Liability/(Assets)	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan	$ 1,014,733	$ 622,418	$ 298,568

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

c. Pension Rate Stabilization Program Section 115 Trust

The City holds investments in a Section 115 Trust for pension stabilization. The current market value of the trust is $382,972. This trust fund is not included in the calculation of the net pension liability, as the assets are not in the custody of the plan administrator, CalPERS. Refer to Note 2 for additional information.

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Note 9: Other Post-Employment Health Care Benefits

a. Plan Description

The City provides retiree medical benefits through an agent multiple-employer defined benefit healthcare plan, administered by the California Public Employees' Retirement System (CalPERS) which provides medical insurance benefits to eligible retirees. A separate financial report is not available for the plan. Employees are eligible for retiree health benefits if they retire from the City on or after age 60 with at least 5 years of service with the City and are eligible for a PERS pension.

b. Employees Covered

Membership of the plan consisted of 5 eligible active employees and 4 enrolled eligible retirees at June 30, 2019. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

c. Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The actual contribution is based on projected pay-as-you-go financing requirements. For the measurement dated ended June 30, 2018, the City's contributions were $18,424 in total payments, which were recognized as a reduction to the OPEB liability.

d. Net OPEB Asset

The City's net OPEB asset was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Inflation:	2.75% per year
Investment Return / Discount Rate:	6.50% per year
Healthcare Trend:	4.00% per year
Payroll Increase:	2.75% per year
Mortality:	2009 CalPERS Mortality for Active Miscellaneous Employees
Retirement Rates:	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees (adjusted to reflect a minimum retirement age of 52 for those hired after 2012)

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Note 9: Other Post-Employment Health Care Benefits (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Assumed Gross Return
US Large Cap	40.00%	7.795%
US Small Cap	10.00%	7.795%
Long-Term Corporate Bonds	18.00%	5.295%
Long-Term Government Bonds	6.00%	4.500%
Treasury Inflation Protected Securities (TIPS)	15.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
Total	100.00%	

The City's actuary has taken the position that the concept of Implicit Rate Subsidy in determining the Total OPEB Liability is not applicable for the CalPERS-administered benefits plan, and as such has utilized an exception to Actuarial Standard of Practice No. 6.

e. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

f. Changes in the OPEB Liability (Asset)

	Total OPEB Liability	Fiduciary Net Position	Total OPEB Liability (Asset)
Roll back balance at June 30, 2017	$ 351,015	$ 549,934	$ (198,919)
Service Cost	18,785	-	18,785
Interest on TOL	22,828	-	22,828
Employer Contributions	-	18,424	(18,424)
Actual Investment Income	-	35,713	(35,713)
Investment Gains/Losses	-	(1,742)	1,742
Administrative Expense	-	(1,017)	1,017
Benefit Payments	(18,424)	(18,424)	-
Other	-	542	(542)
Net Change during 2017-18	23,189	33,496	(10,307)
Balance at June 30, 2018 *	$ 374,204	$ 583,430	$ (209,226)

*Measurement Date

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Note 9: Other Post-Employment Health Care Benefits (Continued)

g. Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB Asset	$ (168,578)	$ (209,226)	$ (243,622)

h. Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease	Current Healthcare Cost Trent Rates	1% Increase
Net OPEB Asset	$ (247,357)	$ (209,226)	$ (165,240)

i. OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from CalPERS' website at www.calpers.ca.gov.

j. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of $7,266. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 18,424	$ -
Investment gains/losses	-	1,393
Deferred Balances	$ 18,424	$ 1,393

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Note 9: Other Post-Employment Health Care Benefits (Continued)

The $18,424 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. All other deferred items will be amortized and recognized in pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2020	$ (349)
2021	(349)
2022	(349)
2023	(346)

Note 10: Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Pursuant to the IRC 457 subsection (g); all amounts of compensation deferred under the deferred compensation plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the plan. Deferred compensation funds are not subject to the claims of the City's general creditors; consequently, the assets and related liabilities of the plan are not included within the City's financial statements. The ending investment balance of the plan as of June 30, 2019, was $1,108,654.

Note 11: Commitments and Contingencies

a. Litigation

In the opinion of the California Joint Powers Insurance Authority, there are no known claims which would exceed the City's applicable coverage. The City's management is not aware of any lawsuits or claims that would have a material adverse effects on the financial position of the City.

b. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by prior year's audits of the financial statements or by a prior year single audit of a Federal grant program; grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

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Stewardship, Compliance and Accountability

General Budget Policies

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year. Annual budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The City Council reviews a tentative budget and adopts a final budget after a public hearing is conducted to receive comments prior to adoption. The City's governing board satisfied these requirements.

Expenditures may not exceed the total annual budgeted amount in any category without the approval of the City Council. Throughout the fiscal year, monthly financial reports comparing actual figures with budgeted figures are prepared and distributed to the City Manager and members of the City Council. As these reports are reviewed, attention is drawn to variations between budgeted amounts and actual amounts and if necessary the City Council considers the need for increases in expenditure categories. The original adopted budgets are revised by the City Council during the year to give consideration to these modified expenditure categories and to unanticipated income. It is this final revised budget including all revisions and amendments approved by the City Council subsequent to the initial budget adoption that is presented in the financial statements.

The level of appropriated budgetary control is the total adopted budget which is defined as the total budget for all funds and divisions. The City Manager may authorize transfers of appropriations within the sub-categories of the major expenditure categories of the adopted budget. Supplemental appropriations during the year must be approved by the City Council.

Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the subsequent year's budget by action of the City Council.

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 5,306,947	$ 5,306,947	$ 5,306,947	$ -
Resources (Inflows):				
Taxes	1,132,000	1,132,000	1,267,009	135,009
Licenses and permits	560,000	560,000	482,048	(77,952)
Intergovernmental	272,250	272,250	272,373	123
Charges for services	41,300	41,300	33,893	(7,407)
Use of money and property	141,000	184,000	269,036	85,036
Fines and forfeitures	14,900	14,900	20,976	6,076
Miscellaneous	7,500	7,500	7,276	(224)
Transfers in	24,000	24,000	24,000	-
Amounts Available for Appropriations	**7,499,897**	**7,542,897**	**7,683,558**	**140,661**
Charges to Appropriations (Outflows):				
General government	1,149,450	1,171,825	874,197	297,628
Public safety	297,600	297,600	245,361	52,239
Planning and Development	841,300	866,100	739,254	126,846
Capital outlay	-	32,000	-	32,000
Transfers out	286,800	286,800	28,966	257,834
Total Charges to Appropriations	**2,575,150**	**2,654,325**	**1,887,778**	**766,547**
Budgetary Fund Balance, June 30	**$ 4,924,747**	**$ 4,888,572**	**$ 5,795,780**	**$ 907,208**

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The notes to required supplementary information are an integral part of this schedule.

CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
TRANSIT FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 92,492	$ 92,492	$ 92,492	$ -
Resources (Inflows):				
Intergovernmental	68,900	68,900	70,592	1,692
Use of money and property	300	300	3,327	3,027
Amounts Available for Appropriations	**161,692**	**161,692**	**166,411**	**4,719**
Charges to Appropriations (Outflows):				
Public works	140,000	140,000	140,000	-
Total Charges to Appropriations	**140,000**	**140,000**	**140,000**	**-**
Budgetary Fund Balance, June 30	**$ 21,692**	**$ 21,692**	**$ 26,411**	**$ 4,719**

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The notes to required supplementary information are an integral part of this schedule.

CITY OF ROLLING HILLS, CALIFORNIA

COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS [1]

	2019	2018	2017	2016	2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the Net Pension Liability	0.00679%	0.00633%	0.00611%	0.00539%	0.00678%
Proportionate Share of the Net Pension Liability	$ 622,418	$ 627,859	$ 528,827	$ 369,954	$ 421,924
Covered Payroll	$ 408,643	$ 492,817	$ 465,123	$ 453,661	$ 410,896
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	152.31%	127.40%	113.70%	81.55%	102.68%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.69%	75.39%	75.87%	79.82%	78.40%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency

Changes of Assumptions: In 2018, demographic and inflation rate were changes in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

[1] Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014-15 was the first year of implementation, therefore only five years are shown.

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CITY OF ROLLING HILLS, CALIFORNIA

COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS [1]

	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 68,379	$ 54,671	$ 53,328	$ 45,578	$ 34,611
Contribution in Relation to the Actuarially Determined Contribution	(68,379)	(54,671)	(53,328)	(45,578)	(34,611)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 458,829	$ 408,643	$ 492,817	$ 465,123	$ 453,661
Contributions as a Percentage of Covered Payroll	14.90%	13.38%	10.82%	9.80%	7.63%

Notes to Schedule of Plan Contributions:

Valuation Date:	June 30, 2016
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Assets valuation method	Market Value
Inflation	2.75% compounded annually
Salary Increases	3.00% compounded annually
Investment rate of return	7.375% compounded annually (net of investment and
Retirement age	50 and 57 years
Mortality	Scale BB published by the Society of Actuaries

[1] Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

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CITY OF ROLLING HILLS, CALIFORNIA

SCHEDULE OF CHANGES IN THE NET OPEB ASSET AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS [1]

	2019	2018
Measurement Date	6/30/2018	6/30/2017
Total OPEB Liability:		
Service cost	$ 18,785	$ 18,282
Interest on the total OPEB liability	22,828	20,310
Benefit payments	(18,424)	(17,715)
Net change in total OPEB liability	23,189	20,877
Total OPEB liability - beginning	351,015	330,138
Total OPEB liability - ending (a)	**374,204**	**351,015**
Plan Fiduciary Net Position:		
Contribution - employer	18,424	17,715
Net investment income	35,713	37,288
Benefit payments	(18,424)	(17,715)
Administrative expense	(1,017)	(449)
Investment Gains/Losses	(1,742)	-
Other	542	-
Net change in plan fiduciary net position	33,496	36,839
Plan fiduciary net position - beginning	549,934	513,095
Plan fiduciary net position - ending (b)	**583,430**	**549,934**
Net OPEB Liability/(Asset) - ending (a) - (b)	**$ (209,226)**	**$ (198,919)**
Plan fiduciary net position as a percentage of the total OPEB liability	155.91%	156.67%
Covered-employee payroll	$ 408,643	$ 492,817
Net OPEB asset as a percentage of covered-employee payroll	51.20%	40.36%

Notes to Schedule of Changes in Net OPEB Asset and Related Ratios:

Changes in assumptions: None

[1] Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

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CITY OF ROLLING HILLS, CALIFORNIA

SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS [1]

	2019	2018
Actuarially Determined Contribution	$ 18,424	$ 17,422
Contribution in Relation to the Actuarially Determined Contributions	(18,424)	(17,422)
Contribution Deficiency (Excess)	$ -	$ -
Covered-employee payroll	$ 458,829	$ 408,643
Contributions as a percentage of covered-employee payroll	4.02%	4.26%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation	2.75%
Payroll Growth	2.75%
Investment Rate of Return	6.50% per annum
Healthcare cost-trend rates	4.00%
Retirement Age	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees
Mortality	2009 CalPERS Mortality for Active Miscellaneous Employees

[1] Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

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CITY OF ROLLING HILLS, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	Community Facilities Fund	Traffic Safety Fund	Measure R	COPS
Assets:				
Cash and investments	$ 11,255	$ -	$ 57,294	$ 62,143
Total Assets	**$ 11,255**	**$ -**	**$ 57,294**	**$ 62,143**
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 6,045
Total Liabilities	-	-	-	6,045
Fund Balances:				
Restricted:				
Public safety -police	-	-	-	56,098
Grants - public works	-	-	57,294	-
Quimby Act	11,255	-	-	-
Total Fund Balances	11,255	-	57,294	56,098
Total Liabilities and Fund Balance	**$ 11,255**	**$ -**	**$ 57,294**	**$ 62,143**

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CITY OF ROLLING HILLS, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	CLEEP	Measure M Local Return	Capital Projects Fund	
Assets:				
Cash and investments	$ 12,433	$ 48,387	$ -	$ 191,512
Total Assets	**$ 12,433**	**$ 48,387**	**$ -**	**$ 191,512**
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 6,045
Total Liabilities	-	-	-	6,045
Fund Balances:				
Restricted:				
Public safety -police	12,433	-	-	68,531
Grants - public works	-	48,387	-	105,681
Quimby Act	-	-	-	11,255
Total Fund Balances	12,433	48,387	-	185,467
Total Liabilities and Fund Balance	**$ 12,433**	**$ 48,387**	**$ -**	**$ 191,512**

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CITY OF ROLLING HILLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Community Facilities Fund	Traffic Safety Fund	Measure R	COPS
Revenues:				
Intergovernmental	$ -	$ -	$ 24,012	$ 148,747
Use of money and property	313	-	1,149	2,056
Total Revenues	**313**	**-**	**25,161**	**150,803**
Expenditures:				
Current:				
Public safety	-	-	-	152,081
Recreation	2,500	-	-	-
Public works	-	15,755	-	-
Capital outlay	-	-	-	-
Total Expenditures	**2,500**	**15,755**	**-**	**152,081**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,187)	(15,755)	25,161	(1,278)
Other Financing Sources:				
Transfers in	-	15,755	-	-
Total Other Financing Sources	**-**	**15,755**	**-**	**-**
Net Change in Fund Balance	(2,187)	-	25,161	(1,278)
Fund Balance, Beginning of the Year	13,442	-	32,133	57,376
Fund Balance, End of the Year	**$ 11,255**	**$ -**	**$ 57,294**	**$ 56,098**

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CITY OF ROLLING HILLS, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		Capital Projects Fund	
	CLEEP	Measure M Local Return	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	$ -	$ 27,069	$ -	$ 199,828
Use of money and property	345	797	-	4,660
Total Revenues	**345**	**27,866**	**-**	**204,488**
Expenditures:				
Current:				
Public safety	-	-	-	152,081
Recreation	-	-	-	2,500
Public works	-	-	-	15,755
Capital outlay	-	-	13,211	13,211
Total Expenditures	**-**	**-**	**13,211**	**183,547**
Excess (Deficiency) of Revenues Over (Under) Expenditures	345	27,866	(13,211)	20,941
Other Financing Sources:				
Transfers in	-	-	13,211	28,966
Total Other Financing Sources	**-**	**-**	**13,211**	**28,966**
Net Change in Fund Balance	345	27,866	-	49,907
Fund Balance, Beginning of the Year	12,088	20,521	-	135,560
Fund Balance, End of the Year	**$ 12,433**	**$ 48,387**	**$ -**	**$ 185,467**

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 13,442	$ 13,442	$ 13,442	$ -
Resources (Inflows):				
Use of money and property	100	100	313	213
Transfers in	6,300	6,300	-	(6,300)
Amounts Available for Appropriations	**19,842**	**19,842**	**13,755**	**(6,087)**
Charges to Appropriations (Outflows):				
Recreation	7,500	7,500	2,500	5,000
Total Charges to Appropriations	**7,500**	**7,500**	**2,500**	**5,000**
Budgetary Fund Balance, June 30	**$ 12,342**	**$ 12,342**	**$ 11,255**	**$ (1,087)**

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Fines and forfeitures	50	50	-	(50)
Transfers in	46,500	46,500	15,755	(30,745)
Amounts Available for Appropriations	**46,550**	**46,550**	**15,755**	**(30,795)**
Charges to Appropriations (Outflows):				
Public works	46,550	46,550	15,755	30,795
Total Charges to Appropriations	**46,550**	**46,550**	**15,755**	**30,795**
Budgetary Fund Balance, June 30	**$ -**	**$ -**	**$ -**	**$ -**

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
MEASURE R FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 32,133	$ 32,133	$ 32,133	$ -
Resources (Inflows):				
Intergovernmental	23,400	23,400	24,012	612
Use of money and property	150	150	1,149	999
Amounts Available for Appropriations	**55,683**	**55,683**	**57,294**	**1,611**
Charges to Appropriations (Outflows):				
Public works	50,000	50,000	-	50,000
Total Charges to Appropriations	**50,000**	**50,000**	**-**	**50,000**
Budgetary Fund Balance, June 30	**$ 5,683**	**$ 5,683**	**$ 57,294**	**$ 51,611**

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
COPS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 57,376	$ 57,376	$ 57,376	$ -
Resources (Inflows):				
Intergovernmental	140,000	140,000	148,747	8,747
Use of money and property	50	50	2,056	2,006
Amounts Available for Appropriations	**197,426**	**197,426**	**208,179**	**10,753**
Charges to Appropriations (Outflows):				
Public safety	140,000	140,000	152,081	(12,081)
Total Charges to Appropriations	**140,000**	**140,000**	**152,081**	**(12,081)**
Budgetary Fund Balance, June 30	**$ 57,426**	**$ 57,426**	**$ 56,098**	**$ (1,328)**

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
CLEEP FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 12,088	$ 12,088	$ 12,088	$ -
Resources (Inflows):				
Use of money and property	75	75	345	270
Amounts Available for Appropriations	**12,163**	**12,163**	**12,433**	**270**
Charges to Appropriations (Outflows):				
Public safety	2,700	2,700	-	2,700
Total Charges to Appropriations	**2,700**	**2,700**	**-**	**2,700**
Budgetary Fund Balance, June 30	**$ 9,463**	**$ 9,463**	**$ 12,433**	**$ 2,970**

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
MEASURE M LOCAL RETURN FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 20,521	$ 20,521	$ 20,521	$ -
Resources (Inflows):				
Intergovernmental	26,500	26,500	27,069	569
Use of money and property	150	150	797	647
Amounts Available for Appropriations	**47,171**	**47,171**	**48,387**	**1,216**
Charges to Appropriations (Outflows):				
Public works	65,000	65,000	-	65,000
Total Charges to Appropriations	**65,000**	**65,000**	**-**	**65,000**
Budgetary Fund Balance, June 30	**$ (17,829)**	**$ (17,829)**	**$ 48,387**	**$ 66,216**

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
UNDERGROUND UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1,480,700	$ 1,480,700	$ 1,480,700	$ -
Resources (Inflows):				
Transfers in	150,000	150,000	-	(150,000)
Amounts Available for Appropriations	**1,630,700**	**1,630,700**	**1,480,700**	**(150,000)**
Charges to Appropriations (Outflows):				
Public works	150,000	150,000	17,500	132,500
Total Charges to Appropriations	**150,000**	**150,000**	**17,500**	**132,500**
Budgetary Fund Balance, June 30	**$ 1,480,700**	**$ 1,480,700**	**$ 1,463,200**	**$ (17,500)**

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CITY OF ROLLING HILLS, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Transfers in	234,000	234,000	13,211	(220,789)
Amounts Available for Appropriations	**234,000**	**234,000**	**13,211**	**(220,789)**
Charges to Appropriations (Outflows):				
Capital outlay	229,000	229,000	13,211	215,789
Total Charges to Appropriations	**229,000**	**229,000**	**13,211**	**215,789**
Budgetary Fund Balance, June 30	**$ 5,000**	**$ 5,000**	**$ -**	**$ (5,000)**

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CITY OF ROLLING HILLS, CALFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Deposits Fund				
Assets:				
Cash and investments	$ 1,771	$ -	$ 468	$ 1,303
Total Assets	**$ 1,771**	**$ -**	**$ 468**	**$ 1,303**
Liabilities:				
Deposits payable	$ 1,771	$ -	$ 468	$ 1,303
Total Liabilities	**$ 1,771**	**$ -**	**$ 468**	**$ 1,303**

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