City of Rolling Hills INCORPORATED JANUARY 24, 1957

NO. 2 PORTUGUESE BEND
ROAD
ROLLING HILLS, CA 90274
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AGENDA
Finance/Budget/Audit Meeting

FINANCE/BUDGET/AUDIT COMMITTEE
Monday, April 27, 2020

CITY OF ROLLING HILLS
6:00 PM

This meeting is held pursuant to Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020. All Committee members will participate by teleconference.

Public Participation: City Hall will be closed to the public until further notice. A live audio of the City Council meeting will available on the City's website (http://www.rolling-hills.org/). The meeting agenda is on the City's website (https://www.rolling-hills.org/government/city_council/city_council_agendas.php).

Members of the public may submit comments in real time by emailing the City Clerk at ycoronel@cityofrh.net. Your comments will become part of the official meeting record. Please provide your full name, but please do not provide any other personal information (i.e., phone numbers, addresses, etc.) that you do not want to be published.

1. ITEMS FOR DISCUSSION

1.A. CONSIDERATION OF THE CITY OF ROLLING HILLS INVESTMENT POLICY, THE CITY OF ROLLING HILLS FINANCIAL, BUDGET AND DEBT POLICIES AND RESOLUTION NO. 953 - ASSET CAPITALIZATION POLICY.

RECOMMENDATION:

It is recommended the City Council Finance/Budget Committee review and confirm the Investment Policy, the Financial, Budget and Debt Policies, with changes as recommended and Resolution No. 953 – Asset Capitalization Policies as presented.

AssetCapitalization_Policy_Resolution No. 953.pdf
Financial_Policies.pdf
Investment_Policy.pdf

1.B. CONSIDER AN UPDATE TO SCHEDULE OF FEES AND CHARGES.
RECOMMENDATION:

It is requested that members of the City Council Finance/Budget Committee consider recommended changes to the City's Consolidated Tax and Fee Schedule. A change in the Schedule will require an update to Resolution 1241.

ResolutionNo1241
2019-2020 Consolidated Tax and Fee Schedule.pdf

2. COMMENTS WILL BE TAKEN BY EMAIL IN REAL TIME - 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.*

3. ADJOURNMENT

Notice:

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

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

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

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 1.A
Mtg. Date: 04/27/2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: TERRY SHEA, FINANCE DIRECTOR

THRU: ELAINE JENG P.E., CITY MANAGER

SUBJECT: CONSIDERATION OF THE CITY OF ROLLING HILLS INVESTMENT POLICY, THE CITY OF ROLLING HILLS FINANCIAL, BUDGET AND DEBT POLICIES AND RESOLUTION NO. 953 - ASSET CAPITALIZATION POLICY.

DATE: April 27, 2020

BACKGROUND:

As a component of the City's annual financial audit, the City auditor is asked to review the City's financial policies consisting of the Investment Policy, the Financial, Budget and Debt Policies and Asset Capitalization Policy. By law, according to the auditor, and as a best management practice the City Council is also required to annually review the City's Investment Policy.

DISCUSSION:

The City's auditors reviewed the Policies as listed above during the FY 2018/19 audit and did not recommend any changes. Staff has reviewed the City's Investment Policy and we are in compliance with the California Government Code Section 53600, and we are not recommending any changes to the Investment Policy at this time.

Staff is recommending the following changes to the Financial, Budget and Debt Policies:

Section 6. Reserve Policies, Enterprise Fund (e.g. refuse collection). The current policy calls for cash reserves of $66,200. The new Contract with Republic includes a line of credit thereby reducing or eliminating the need for a Rainy Day Fund in the Refuse Fund. With the City subsidizing the Refuse Charge, as indicated below, we are proposing to set the Cash Reserve amount each year as to the amount of the General Fund subsidy. Included in the Budget process would be an annual transfer out from the General Fund to the Refuse Fund for the projected subsidy.

The City has been absorbing the rate increase to Republic and not passing it on to the homeowners for last few years. For FY 2019/20 the City is paying Republic Services $1,204.51 per parcel and collecting $1,100 per parcel, for a difference of $104.51 and for 685 parcels the difference is $71,589. The current rate increase for FY 2020-21 is 7.4% which brings amount the City is paying to Republic to $1,293.64 per parcel, and with this increase being absorbed as well that brings the total difference to $132,643 per year. The rate we are paying is 18% higher than we are collecting.

We want to include in the Reserve Section the City's established PARS Pension Rate Stabilization Program Section 115 Trust, and determine the required balance of the fund and authorized uses of the funds. As of June 30, 2019 the City's unfunded pension liability was $622,418, the balance in the Section 115 Trust was $382,792 for a difference of $239,626. We would like to make up the difference over the next two fiscal years. We can use the money to reimburse the City for its annual pension costs or pay directly to CalPERS. We can prepay each July our annual costs and receive a savings of a certain percentage.

Section 7. Budget Policies, A. Categories of Funds - adding the LA County Measure W Fund and changing the number of funds from 14 to 15.

Staff would like to add a section to the Budget Policies for the carryover of previously approved items in the prior fiscal year for unexpended capital projects. The current policy only speaks to the operating budget and all unexpended obligations lapse at the end of the fiscal year.

Staff is not recommending any changes to the Asset Capitalization Policy for FY 2020-21 at this time.

FISCAL IMPACT:

There is no fiscal impact upon the City with review and confirmation of the City's financial policies as presented.

RECOMMENDATION:

It is recommended the City Council Finance/Budget Committee confirm the Investment Policy, the Financial, Budget and Debt Policies, with the changes as recommended and Resolution No 953 – Asset Capitalization Policy as presented or direct staff accordingly.

ATTACHMENTS:
AssetCapitalization_Policy_Resolution No. 953.pdf
Financial_Policies.pdf
Investment_Policy.pdf

RESOLUTION NO. 953

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS ESTABLISHING AN ASSET CAPITALIZATION POLICY

WHEREAS, Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, requires State and Local Government to include the original cost of fixed assets in the statement of net assets as part of the government-wide financial statements; and

WHEREAS, an asset capitalization policy is necessary to establish a reasonable capitalization threshold for all types of assets and this policy should facilitate depreciating those assets over their estimated useful lives; and

WHEREAS, a capitalization threshold is the monetary part of the criteria by which an organization determines whether an asset should be reported on the balance sheet; and

WHEREAS, the Office of Management and Budget (OMB) Circular A-87, Cost Principles for State and Local and Indian Tribal Governments, Attachment B, section 19(a)(2) and 19(d) allows property costing up to $5,000 to be charged to federal grants as supplies, rather than capital outlay without specific awarding agency approval; and

WHEREAS, depreciation represents the recognition of the cost of an asset over time, by calculating its estimated loss in value during each accounting period; and

WHEREAS, GASB Statement No. 34 allows local government to use any established depreciation method;

NOW, THEREFORE, BE IT RESOLVED that in accordance with GASB Statement No. 34, the City of Rolling Hills Finance Department will:

- Capitalize all assets purchased which have a normal life of at least one year with a per-unit cost of $5,000 or more; and
- Capitalize all site and building improvements with a cost of $5,000 or more; and
- Utilize the straight-line method of depreciation over the estimated useful life for all classes of assets.

PASSED, APPROVED AND ADOPTED THIS 28th DAY OF JUNE, 2004.

THOMAS HEINSHEIMER
MAYOR

ATTEST:

Marilyn Kern
MARILYN KERN, DEPUTY CITY CLERK

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

I certify that the foregoing Resolution No. 953 entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS ESTABLISHING AN ASSET CAPITALIZATION POLICY

was approved and adopted at a regular meeting of the City Council on June 28, 2004, by the following roll call vote:

AYES: Councilmembers Black, Hill, Lay, Mayor Pro Tem Pernell and Mayor Heinsheimer.

NOES: None.

ABSENT: None.

ABSTAIN: None.

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

Administrative Offices

DEPUTY CITY CLERK

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CITY OF ROLLING HILLS	ADMINISTRATIVE POLICY/PROCEDURES
FINANCIAL, BUDGET AND DEBT POLICIES	
Original Version Effective: 09/24/2007	*See end of document for complete policy history.*
Current Version Effective: 05/27/2019	

Policy Framework:

The purpose of the Financial, Budget and Debt Policies is to guide the City Council and other City officials in developing sustainable, balanced budgets and managing the City's finances in a prudent manner consistent with best practices. The City's commitment to adopting and operating within a balanced budget is a core financial value and policy of the City.

The City of Rolling Hills Financial Policies represents the City's framework for planning and management of the City's fiscal resources. Adherence to the Financial Policies promote sound financial management which can lead to unqualified annual audits, provide assurance to the taxpayers that tax dollars are being collected and spent per City Council direction and provide a minimum of unexpected impacts upon taxpayers and users of public services.

The City Council Finance / Budget Committee shall serve as the City's audit committee for the purpose of recommending the selection of an auditor to the City Council, meeting with the City Auditor, reviewing the annual audit and necessary financial statements, responding to conflicts between management and the auditor and responding to fraudulent activities. The City Council will conduct a competitive process for the selection of the independent external auditor every 6 years to be in conformance with California Government Code Section 12410.6. (b). commencing for Fiscal Year 2021-22. Any non- audit work performed by the independent external auditor, if allowed, will be done under a separate contract approved by the City Council.

The City Manager shall be responsible for developing and, as appropriate, implementing and managing these policies as well as subsidiary policies that execute the City's Financial Policies.

The City's Financial Policies shall be in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

1. Financial Reporting Entity:

The City of Rolling Hills was incorporated in 1957 under the general laws of the State of California. The City operates under the Council-Manager form of government. The City Council consists of five members elected at large for overlapping four-year terms. The Mayor and Mayor Pro-Tem are selected from the City Council members and serve a one-year term. The City Council appoints a City Manager, City Attorney and City Treasurer. In addition, the City Council appoints the members of advisory Commissions and Committees.

The City, directly or by contract, provides municipal services as authorized by statute. Services provided include:

- Public safety through the Los Angeles County Sheriff and Fire Department
- Refuse collection by contract with a private hauler
- Water through California Water Service Company

- Sewer through Los Angeles County Sanitation Districts
- Recreation
- Public improvements
- Planning and zoning
- General administrative and support services

2. **Financial Reporting Policies**:

The City's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). Further, the City will make every attempt to implement all changes to governmental accounting practices at the earliest practical time.

- The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughly with detail sufficient to minimize ambiguity and potential for misleading interferences.

- An annual audit will be performed by an independent public accounting firm with an audit opinion to be included with the City's published Comprehensive Annual Financial Report.

- The City's budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units and as a communications device for all significant budgetary issues, trends, and resource choices.

- The City shall evaluate the fiscal impact of proposed changes in employee benefits to be provided. Prior to assuming liability for expanded benefits, a viable funding plan with estimates of long term impacts shall be incorporated into the analysis.

- The City shall endeavor to avoid committing to new spending for operating or capital improvement purposes until an analysis of all current and future cost implications is completed.

- The City shall endeavor to maintain cash reserves sufficient to fully fund the next present value of accruing liabilities, obligations to employees for vested payroll and benefits and similar obligations as they are incurred.

- The City shall prepare and present to the City Council monthly interim revenue and expenditure reports and a Mid-Year Review to allow evaluation of potential discrepancies from budget assumptions.

3. **Internal Control Accounting Policies:**

To provide a reasonable basis for making management's required representations concerning the finances of the City.

- Accounting Records – Maintain accounting records in accordance with Generally Accepted Accounting Principles (GAAP).

- Monthly Posting – Post a monthly record, which maintains each month's activities separate and distinct from another month's work. This provides visibility in locating errors and fixing corrections. Accounting ledgers will be reviewed and reconciled on a monthly basis to supporting documentation – Cash Receipts, Accounts Payable, Payroll and Monthly Journal Entries.

- Sequential Number – Sequentially numbered instruments will be used for checks and cash receipts. Pre-numbered receipts are controlled and accounted for by an individual with no accounting handling responsibilities. The City's pre-numbered checks and pre-numbered cash receipts should be safeguarded in the Vault. All copies of voided receipt forms are retained, accounted for, and documented.

- Audit Trail – The City's accounting records and systems shall provide an audit trail (e.g. paper document) that allows for the tracing of each transaction from its original document to completion.

4. <u>Operating Management Policies</u>:

The budget process is intended to weigh all competing requests for City resources within expected fiscal constraints. Requests for new, on-going programs made outside the budget process will be discouraged.

- Budget development will consider multi-year implications of current decisions and allocations and use conservative revenue forecasts.

- Revenues will not be dedicated for specific purposes, unless required by law or Generally Accepted Accounting Practices (GAAP). All non-restricted revenues will be deposited in the General Fund (or other designated fund as approved by the City Manager) and appropriated by the City Council.

- Current revenues will fund current expenditures. City revenues will be managed to protect programs from short-term fluctuations that impact expenditures.

- The City will endeavor to identify entrepreneurial solutions to cover or recover costs of operating program.

- The City shall strive to avoid returning to the City Council for new or expanded appropriations during the fiscal year. Exceptions may include emergencies, unforeseen impacts, mid-year adjustments or new opportunities.

- Additional personnel will be requested after service needs have been thoroughly examined and is substantiated for new program initiatives or policy directives.

- All non-Enterprise user fees and charges will be evaluated at least every three years to determine the direct and indirect cost recovery rate. The analysis will be presented to the City Council.

- The City shall endeavor to maintain adequate cash reserves to fund 100% replacement of capital equipment. Replacement costs will be based upon equipment lifecycle financial analysis developed by the Finance Director and approved by the City Manager.

- Balanced revenue and expenditure forecasts will be prepared to examine the City's ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will be updated annually and include a four-year outlook.

- Cash and investment programs will be maintained in accordance with the Government Code and the adopted investment policy will ensure that proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order. Pursuant to State law, the City, at least annually, revises and the City Council affirms a detailed investment policy.

5. <u>Capital Management Policies</u>:

- Capital improvement projects are defined as infrastructure or equipment purchases or construction which results in a capitalized asset and having a useful (depreciable) life of at least one year with a cost of $5,000 or more per the City's resolution Number 953.

- The Finance Department shall utilize the straight-line method of calculating depreciation over the estimated useful life for all classes of assets.

- The capital improvement plan will attempt to include, in addition to current operating maintenance expenditures, adequate funding to support, repair and replace deteriorating infrastructure and avoid a significant unfunded liability.

- Capital improvement lifecycle costs will be coordinated with the development of the City's operating budget. Future operating, maintenance, and replacement costs associated with new capital improvements will be forecast, matched to available revenue sources and be included in the operating budget. Capital project contract awards or purchases will include a fiscal impact statement disclosing the expected operating impact of the project or acquisition and when such cost is expected to occur.

6. <u>Reserve Policies</u>:

It is the goal of the City to obtain and maintain a General Fund operating reserve (Rainy day fund) in the form of cash, of at least 40% of prior year audited annual General Fund revenues to cover normal seasonal cash flow variations, as well as unforeseen emergency or catastrophic impacts upon the City.

- One-time revenue windfalls should be designated as a reserve or used for one-time expenditures. The funds should not be used for on-going operations. For purposes of this policy, one-time revenue windfalls shall include:

  CalPERS rebates
  Tax revenue growth in excess of 10% in a single year
  Unexpected revenues (e.g., litigation settlement)
  Any other revenues the City Council may elect to designate as extraordinary

- All unexpended General Funds from the prior fiscal year will be deposited in the General Fund Reserve Fund (Rainy Day Fund.)

- The City will strive to maintain the Municipal Self-Insurance Fund with a July 1 balance of $500,000.

- The City will strive to transfer $250,000 annually into the Utilities Fund for the purpose of building up the necessary balance for underground projects.

- Enterprise Fund (e.g., for refuse collection) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of the service, provide for capital improvements and maintenance and maintain adequate reserves. Moreover, maintenance of cash reserves will provide a de facto rate stabilization plan. Rate increases shall be approved by the City Council following formal noticing and public hearing. Rate adjustments for enterprise operations will be based on five-year financial plans unless a conscious decision is made to the contrary. The current cash reserves shall be $66,200.

7. <u>Budget Policies:</u>

The function of the City of Rolling Hills is primarily administrative.

A. Categories of Funds

- The City's annual budget contains fourteen different funds managed in conformance with the City's Fund Balance Policy:

  General Fund
  Community Facility Fund
  Self-Insurance Fund
  Refuse Fund
  Traffic Fund
  Transit Fund - Proposition A
  Transit Fund - Proposition C
  Transit Fund – Measure R
  Transit Fund – Measure M
  Capital Projects Fund
  Citizens Options for Public Safety Fund (COPS) Fund
  California Law Enforcement Equipment Program (CLEEP) Fund.
  Utility Fund
  OPEB (Post-Employment Benefits Other Than Pensions) Fund

- Each fund is considered to be a separate accounting entity for budgeting and financial reporting purposes.

- The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues and expenditures, as appropriate.

- The City resources are allocated to and for individual funds based upon the purpose of the spending activities.

- All funds and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the City's long-term budget assumptions.

B. Operating Budget Guidelines

- The Budget is detailed - Expenditures are authorized line by line, item by item. Line items are used to limit precisely the amount and narrowly define what can be spent.

- The Budget is annual - The annual budget period is from July 1 to June 30. The time span of the authority to spend is restricted to one year. Each year the regular cycle of budgeting is repeated.

- The budget is comprehensive – The budget is prepared for all funds expended by the City.

- The City adopts a budget by June 30 of each year.

- Comparative Data - Comparative data from the prior year is presented in the annual budget in order to provide an understanding of changes in the City's financial position and operation.

- Public Hearing - The City Council reviews a tentative budget and adopts the final budget. A public hearing is conducted to receive comments prior to adoption.

C. Financial Review

Throughout the fiscal year, monthly financial reports comparing actual amounts with budgeted amounts are prepared by the Finance Director and submitted to the City Manager and members of the City Council. As these reports are reviewed, attention is drawn to variances between budgeted amounts and actual amounts.

D. Budgeted Revenues & Expenditures

The City reviews fees and charges to keep pace with the cost of providing the service.

8. <u>Debt Management Policies</u>:

The City will seek to avoid incurring debt. While the City is disposed to funding capital improvements and expenditures on a cash basis, the City will consider, and when necessary, enter into debt financing for citywide public improvement projects such as sewers and utility undergrounding.

- Lease Equipment - Office Equipment has been leased on a monthly basis with the expense incurred at the time of payment.

Policy Administrative History:

Adopted September 24, 2007
Revised and Adopted March 24, 2008
Revised and Adopted February 23, 2009
Revised and Adopted March 8, 2010
Reviewed and Adopted February 28, 2011
Revised and Adopted May 23, 2011
Reviewed and Adopted May 14, 2012
Reviewed and Adopted April 22, 2013
Revised and Adopted September 9, 2013
Reviewed and Adopted March 24, 2014
Reviewed and Adopted April 27, 2015
Reviewed and Revised April 25, 2016
Reviewed and Adopted April 24, 2017
Reviewed and Adopted April 22, 2019

CITY OF ROLLING HILLS	ADMINISTRATIVE POLICY/PROCEDURES
INVESTMENT POLICY	
Original Version Effective: 09/24/2007	*See end of document for complete policy history.*
Current Version Effective: 04/24/2017	

1.0 Policy

It is the policy of the City of Rolling Hills to protect, preserve and maintain the assets of the City. It shall invest public funds in a manner that will provide the highest investment return commensurate with maximum security while meeting the cash flow demands of the City and conforming to all State and Local statutes governing the investment of public funds.

2.0 Scope

The City follows the practice of pooling cash and investments of all funds, except for funds in the City's employee deferred compensation plan. Funds contained in the City's pool are designated the "General Portfolio." These funds are accounted for in the Financial Statements of the City and include:

The General Fund
All Special Revenue Funds
All Capital Projects Funds
All Enterprise Funds
All Internal Service Funds
All Trust and Agency Funds

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City's deferred compensation plans assets are with Nationwide Retirement Solutions and ICMA Retirement Corporation. The Nationwide Retirement Solutions and ICMA Retirement Corporation invests employee account assets in various investment options as directed by the individual employee. Accordingly, these assets are neither controlled by the City nor subject to this investment policy.

3.0 Prudence

The City holds to the "prudent investor standard" in that all investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived and acting as a fiduciary of the public trust. The prudent investor standard set forth in Section 53600.3 of the Government Code states: "When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skills, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with the like aims to safeguard the principle and maintain the liquidity needs of the agency."

4.0 Objectives

The primary objectives, in priority order, of the City of Rolling Hills' investment activities shall be:

4.1. Safety: Safety of principal is the foremost objective of the investment program. "Safety" means that the overall value of City funds shall not be diminished in the process of securing and investing those funds or over the duration of the investments.

4.2. Liquidity: The City of Rolling Hills' investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

The liquidity of each type of investment is included in its description in the "Authorized Investments" section of this policy.

4.3. Return on Investment (Yield): The City of Rolling Hills investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

In general, the California Government Code limits authorized investments to those classes of securities which have lower risk (and therefore lower yields) than other higher risk investment choices. In each investment transaction, the anticipated return on investment is subordinate to the preceding requirement of credit and investment risk.

5.0 Delegation of Authority

The City Council has the authority to select financial institutions for the City' investment and bank accounts. The City Council has designated the City Council Finance / Budget Committee, the City Manager, and the City Finance Director with the responsibility for decisions and operations for the following investment and operating bank accounts:

Operating Bank Accounts

- Local Agency Fund administered by the Treasurer of the State of California
- Money market savings accounts
- Checking accounts

Certificates of Deposits/Negotiable Certificates of Deposits or Time Deposits

Certificates of Deposits, Negotiable Certificates of Deposit or Time Deposits with commercial banks and /or savings and loan associations issued by a nationally or state-chartered bank, a savings association, or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union with maturities ranging from 30 days to three years.

6.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process are required by the City of Rolling Hills' and State Government Code Section 81000 to disclose annually to the City Council any material financial interests in financial institutions that conduct business with the City and further to disclose any large personal financial / investment positions that could be related to the performance of the City, particularly with regard to the time of purchase and sales, as part of the City's conflict of interest reporting requirements. Said employees are also prohibited from accepting gifts proffered as a direct result of being employees of the City.

7.0 Authorized Financial Dealers, Institutions and Portfolio Managers:

The Finance Director will maintain a list of financial institutions authorized to provide investment services, including portfolio management. No public deposit shall be made except in a qualified public depository as established by State law. Financial institutions authorized to provide investment services to the City, including portfolio management, shall utilize security broker / dealers who are duly licensed and authorized to provide investment services in the State of California.

Anyone providing financial services to the City, including portfolio management must adhere to the City's investment policies as adopted by the City Council.

8.0 Authorized and Suitable Investments:

The surplus funds of the City may be invested in any of the following list of eligible securities.

Surplus funds are defined as those funds not immediately needed for City operations excepting those minimum balances required by the City's banks as compensation for services rendered to the City, or such other funds as otherwise determined by the Finance Director or City Manager.

The list of eligible securities is drawn from the approved investments contained in the California Government Code Sections 53600 et seq., limited further by the provisions of this policy.

For eligibility as a City investment, the following restrictions should be added to those contained in the California Government Code Sections 53601 et seq. They are:

8.1 U.S. Treasury Bonds, Notes & Bills – “Strips” and “Cubes”
The principal and interest portions of U.S. Treasury securities are issued by the Federal Government. Frequently, broker / dealers make a market in these securities by separating the principal and interest components and marketing them separately. The principal portions of their “stripped” securities are marketed at deep discounts. “Strips” and “Cubes” do not provide income streams during the term of the investment, but rather pay a “par” amount at maturity. This makes these investments somewhat more volatile than standard U.S. Treasury securities.

The City will not invest in “strips” or “cubes.”

8.2 U.S. Government Agencies
There are numerous government agencies listed which issue debt instruments but many lack the liquidity necessary to fit the City's portfolio requirements possibly including, for example, the issues of Federal Farm Credit Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, and the Student Loan Mortgage Corporation.

The City will not purchase these government agency securities.

8.3 Repurchase Agreements
A repurchase agreement is a contractual agreement between a financial institution or dealer and the City in which the City lends its funds to the financial institution or dealer for a certain number of days at a stated rate of interest. In return, the City takes title to securities as collateral until the funds and interest are repaid.

The City will not enter into repurchase agreements.

8.4 Medium Term Corporate Notes
The City will not purchase medium term corporate notes.

8.5 Commercial Paper and Corporate Bonds
The City will not purchase commercial paper or corporate bonds.

8.6 Prohibited Investments
The list of eligible securities contained in the California Government Code is extensive and includes a number of categories which are not suitable investments for City funds because of limitations in the liquidity of the instruments or the interest rates obtainable thereon. The categories in the list which have such limitations are:

The notes or bonds or any obligations of the State of California or of any local agency or district of the State of California.

Notes, bonds or other obligations issued by any other state or the Commonwealth of Puerto Rico.

The city shall not invest any funds pursuant to Section 53600, et. Seq., in any security that could result in zero interest accrual if held to maturity.

9.0 Collateralization:

All City of Rolling Hills' investments shall be collateralized as required by the State Government Code.

10.0 Maximum Maturities:

To the extent possible, the City of Rolling Hills will match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one (3) years from the date of purchase.

11.0 Internal Control:

The City's external auditor with the support from the Finance Director shall annually conduct an independent review of the internal controls. Additionally, the City's external auditor with support from the Finance Director will annually perform a financial audit. Both may be conducted at the same time, when the City's annual financial audit performed. The external auditor will be an independent certified public accountant who performs his work under generally accepted auditing standards as adopted by the Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants.

12.0 Performance Standards:

The investment portfolio shall be designated with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs of the City.

13.0 Investment Policy Adoption:

The City Council shall consider and adopt a written Investment Policy annually and accept quarterly Investment Reports as provided in Government Code Section 53646 et al.

Policy Administrative History:

Adopted September 24, 2007
Revised and Adopted February 23, 2009
Revised and Adopted March 8, 2010
Reviewed and Adopted February 28, 2011
Reviewed and Adopted May 14, 2012
Reviewed and Adopted April 22, 2013
Reviewed and Adopted March 24, 2014
Reviewed and Adopted April 27, 2015
Reviewed and Revised April 25, 2016
Reviewed and Adopted April 24, 2017

City of Rolling Hills INCORPORATED JANUARY 24, 1957

Agenda Item No.: 1.B
Mtg. Date: 04/27/2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: TERRY SHEA, FINANCE DIRECTOR

THRU: ELAINE JENG P.E., CITY MANAGER

SUBJECT: CONSIDER AN UPDATE TO SCHEDULE OF FEES AND CHARGES.

DATE: April 27, 2020

BACKGROUND:

Annually, staff provides the Finance/Budget Committee and City Council with information for consideration to adjust City's current fees and charges.

DISCUSSION:

The actual revenue from Building Permit related fees are down in comparison to last year's numbers at the third quarter mark. It is unknown if the decrease in revenue is due to less overall development projects in Rolling Hills or a decrease in the number of projects due to the lockdown in response to the COVID-19 pandemic. The impacts to this revenue source and the revenue from property tax are unknown going forward in the next fiscal year. Property tax and Building Permits and related fees are two of the City's major revenue sources. Conservatively, staff is anticipating that there will be a decrease in both sources of revenue for Fiscal Year 2020/21. As such, staff is proposing for consideration to roll back the multiplier for Building Permit and related fees to 2.5%, the multiplier that was approved by the City Council for Fiscal Year 2017/18. The current multiplier is 2.25%. No other fees and charges are proposed for next fiscal year.

FISCAL IMPACT:

If the multiplier for Building Permit and related fees is increased to 2.50%, there will be an increase in fees collected. The amount is not determinable at this time.

RECOMMENDATION:

The Committee's recommendations will be forwarded to the City Council for review. The Implementation of new fees or an adjustment to any existing fees will require public hearing. If a public hearing for modifications to the Schedule of Fees and Charges is desired by the City Council, staff will proceed to schedule the public hearing.

ATTACHMENTS:
ResolutionNo1241
2019-2020 Consolidated Tax and Fee Schedule.pdf

RESOLUTION NO. 1241

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS MODIFYING ROLLING HILLS FEES BY INCREASING CONSTRUCTION AND DEMOLITION PERMIT FEE, ESTABLISHING WATER EFFICIENT LANDSCAPE ORDINANCE REVIEW FEE, ESTABLISHING COMPLIANCE DEPOSITS, AND REPEALING RESOLUTION NO. 1226.

THE CITY COUNCIL OF THE CITY OF ROLLING HILLS DOES HEREBY RESOLVE AS FOLLOWS:

Section 1: The following fees are established and charged for applications for processing discretionary cases for Planning, Zoning and Subdivisions and shall be paid by the applicant prior to submission for public hearing, pursuant to Title 16 (Subdivision) and Title 17 (Zoning) of the Rolling Hills Municipal Code:

A.	Site Plan Review	$ 1,500
B.	Conditional Use Permit	$ 1,500
C.	Variance	$ 1,250
D.	Variance, Minor	$ 750
	1. Minor deviation into required yard setback, not exceeding 5' and attached to main residential structure	
E.	Multiple discretionary reviews;	Most expensive fee for the first review and 1/2 fee for second review. No cost for third or more reviews.
F.	Lighting Ordinance Modification	$ 375
G.	Outdoor Lighting Audit	$ 150 (initiated by resident)
H.	Time extension	$ 200
I.	Zone Change	$ 2,000
J.	General Plan Amendment	$ 2,000
K.	Zoning/Subdivision Code Amendment	$ 2,000
L	Discretionary Approval Modification	$ 2/3 of original application fee
M.	Appeal Fee	$ 2/3 of original application fee
N.	City Council and Planning Commission interpretation and miscellaneous reviews	$ 375 Fee to be credited if results in filing of a formal application to City Council or Planning Commission
O.	Environmental Review fees for discretionary permits	
	1. Preparation and Staff Review of Initial Study	$ 200
	2. Preparation of Negative Declaration or Mitigated Negative Declaration	$ 50 (plus fee charged by CA Department of Fish and Wildlife, applicable, as adjusted annually)
P.	Environmental Impact Reports	Consultant fee plus 10%
Q.	County Clerk Processing Fee	County fee

R. Lot Line Adjustment — $ 1,500, plus County fee

S. Tentative Parcel/Tract Map — $ 1,500, plus County fee

T. Final Parcel/Tract Map — County fee

U. Zoning violation and construction penalty fee — $ 1,500

1. Applications for illegal or "as built" grading or construction or non-compliance with approved plans for projects that require Planning Commission review. Fee is charged in addition to the discretionary application review fee.

V. Stop work order — $ 200

1. Fee charged for each additional "stop work order" that is issued beyond the original stop work order for illegal construction and grading activity.

W. Service Request — County fee, plus 20%
(For services provided by L.A. County not included in the General Services Agreement)

X. Appeal of Zone Clearance — $ 375

Y. Stable Use Permit — $ 375
(For stables under 800 sq ft considered by the Planning Commission)

Z. Major Remodel Review — $ 375
(For remodels/additions where 50% or more of exterior walls are demolished)

Section 2. The following fees are established and charged for applications for processing View Impairment, Traffic Commission, and Accessory Dwelling Unit cases:

A. View Impairment

1. Review by Committee on Trees and Views Processing fee — $ 2,000

2. Environmental Review Fees

A. Preparation and Staff Review of Initial Study — $ 200

B. Preparation of Negative Declaration or Mitigated Negative Declaration — $ 50 (plus fee charged by CA Department of Fish and Wildlife, if applicable, as adjusted annually)

B. Traffic Commission Review

1. New driveways or other traffic related items — $ 300

C. Accessory Dwelling Unit

1. Accessory Dwelling Unit or Junior Accessory Dwelling Unit — $ 375

Section 3. The following fees are established and charged for General Administration processing:

A.	General Plan	$ 30
B.	Zoning Code	$ 25
C.	Subdivision Code	$ 25
D.	Budget	$ 30
E.	Zoning Map	$ 3
F.	Xeroxed copies, each page	$ 0.25

G. False Alarms — Fee for 1st incident involving a false alarm is waived

2nd	$ 50
3rd	$ 100
4th	$ 150
5th	$ 200
6th	$ 250

Section 4. The following fees are established and shall be collected for each permit pursuant to Title 15, (Building and Construction) of the Rolling Hills Municipal Code:

A.	1. BUILDING PERMIT	Two and one-quarter times the amount set forth in the Building Code for each fee, table and schedule therein.
	2. PARKS AND RECREATION	Each new residential dwelling shall pay 2% of the first $ 100,000 of construction valuation, plus 0.25% of such valuation over $ 100,000.
B.	PLUMBING PERMIT	Two and one-quarter times the amount set forth in the Plumbing Code for each fee, table and schedule therein.
C.	MECHANICAL PERMIT	Two and one-quarter times the amount set forth in the Mechanical Code for each fee, table and schedule therein.
D.	ELECTRICAL PERMIT	Two and one-quarter times the amount set forth in the Electrical Code for each fee, table and schedule therein.
E.	GEOTECHNICAL REPORT, SITE AND PLAN REVIEW	0.42% of the valuation of the proposed structures; however, minimum fee shall be $ 535.00 and the maximum fee shall be $ 3,588.00
F.	SOLAR AND PHOTOVOLTAIC SYSTEMS AND APPURTENANT EQUIPMENT	The amount set forth in the Los Angeles County Building and Electrical Codes for each fee, table and schedule therein, plus $ 60.11 City administrative fee.

Section 5. The following fees are established and shall be collected for each permit pursuant to Title 15, (Building and Construction) of the Rolling Hills Municipal Code for review conducted by the City's contract building official, other than Los Angeles County Department of Building and Safety:

A.	BUILDING PERMIT	In addition to the provisions of Section 4 A.1 of this resolution, a 25% surcharge on Los Angeles County Department of Building and Safety fees shall be charged for the alternative use of the City's contract building official.
B.	PLUMBING PERMIT	In addition to the provisions of Section 4 B. of this resolution, a 25% surcharge on Los Angeles County Department of Building and Safety fees shall be charged for the alternative use of the City's contract building official.
C.	MECHANICAL PERMIT	In addition to the provisions of Section 4 C. of this resolution, a 25% surcharge on Los Angeles County Department of Building and Safety fees shall be charged for the alternative use of the City's contract building official.
D.	ELECTRICAL PERMIT	In addition to the provisions of Section 4 D. of this resolution, a 25% surcharge on Los Angeles County Department of Building and Safety fees shall be charged for the alternative use of the City's contract building official.
E.	GEOTECHNICAL REPORT, SITE AND PLAN REVIEW	In addition to the provisions of Section 4 E. of this resolution, a 25% surcharge on Los Angeles County Department of Building and Safety fess shall be charged for the alternative use of the City's contract building official.
F.	SOLAR AND PHOTOVOLTAIC SYSTEMS AND APPURTENANT EQUIPMENT	In addition to the provision of Section 4 F. of this resolution, a 25% surcharge on Los Angles County Department of Building and Safety fees, plus $60.11 City administrative fee, shall be charged for the alternative use of the City's contract building official.

Section 6. The following fees are established and shall be collected for each permit relating to construction and demolition waste:

A.	CONSTRUCTION AND DEMOLITION PERMIT	$ 100 single project permit plus $750 deposit refundable upon submittal of a Certificate of Compliance.

Section 7. The following fines are established for issuance of administrative citations relating to a violation of Chapter 9.58 of the Rolling Hills Municipal Code:

Administrative Penalty for violation of Chapter 9.58	\$ 2,500	1st violation
	\$ 5,000	2nd violation within one year of the 1st violation
	\$ 7,500	Each additional violation within one year of the 1st violation

Section 8. The following fees are established for processing landscaping submittals relating to the Water Efficient Landscape Ordinance requirements of Chapter 13.18 of the Rolling Hills Municipal Code.

Review of landscape submittal package and verification of compliance	\$1,500 (portion refunded if not spent; additional funds may be collected, if needed to complete the review); plus \$5,000 deposit refundable upon submittal of a Certificate of Compliance.

Section 9. The fees set forth do not exceed the estimated reasonable cost of providing such services.

Section 10. The City Council Resolution No. 1226 is hereby repealed and superseded by Resolution No. 1241.

PASSED, APPROVED, AND ADOPTED this 24 day of June, 2019.

Leah Mirsch
Leah Mirsch
Mayor

ATTEST:

City Clerk

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

I certify that the foregoing Resolution No. 1241 entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROLLING HILLS MODIFYING ROLLING HILLS FEES BY INCREASING CONSTRUCTION AND DEMOLITION PERMIT FEE, ESTABLISHING WATER EFFICIENT LANDSCAPE ORDINANCE REVIEW FEE, ESTABLISHING COMPLIANCE DEPOSITS, AND REPEALING RESOLUTION NO. 1226.

was approved and adopted at a regular meeting of the City Council on June 24, 2019 by the following roll call vote:

AYES: PIEPER, WILSON AND MAYOR MIRSCH

NOES: BLACK

ABSENT: DIERINGER

ABSTAIN:

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

Administrative Offices.

CITY CLERK

CITY OF ROLLING HILLS
CONSOLIDATED TAX, FEE AND FINE SCHEDULE
for FISCAL YEAR 2019/20

ITEM	FEES	CODE/RESO NO.	DATE ADOPTED
TAXES			
Real Property Transfer Tax	Property value exceeds $100,000 - a tax at the rate of 27.5 cents for each five hundred dollars or fractional part thereof.	Ordinance No. 72	December 11, 1967
Cable Television Franchise	2.50% of gross annual receipts	Resolution No. 823	July 28, 1997
BUILDING AND SAFETY PERMITS			
BUILDING, PLUMBING, MECHANICAL, AND ELECTRICAL PERMITS (LA COUNTY)		Resolution No. 496	August 23, 1982
Building Permit	Two and one quarter the amount set forth in the LA County Building Code for each fee.	Resolution No. 1226	July 9, 2018
Plumbing Permit	Two and one quarter times the amount set forth in the LA County Plumbing Code for each fee.		
Mechanical Permit	Two and one quarter times the amount set forth in the LA County Mechanical Code for each fee.		
Electrical Permit	Two and one quarter times the amount set forth in the LA County Electrical Code for each fee.		
Park & Recreation Fund Fee	New residential dwelling - 2% of the first $100,00 of construction valuation, plus 0.25% of such valuation over $100,000	Resolution No. 1206	May 22, 2017
Solar and Photovoltaic Systems and Appurtenant Equipment	The amount set forth in the Los Angeles Cou Bulding and Electrical Codes for each fee, table and schedule therein, plus $60.11 City administrative fee.	Resolution No. 1064	July 13, 2009
GEOTECHNICAL FEES	0.42% of the valuation of the proposed structu Minimum charge - $535 Maximum charge - $3,588	Resolution No. 931	April 14, 2003
PERMITTING PROCESS THROUGH A CITY APPROVED CONSULTANT			
Building, Plumbing, Mechanical, and Electrical	25% surcharge on Los Angeles County Department of Building and Safety fees	Resolution No. 1034	February 11, 2008
Solar and Photovoltaic Systems and Appurtenant Equipment	25% surcharge on Los Angeles County Department of Building and Safety fees, plus $60.11 City administrative fee	Resolution No. 1064	July 13, 2009
PLANNING, ZONING AND SUBDIVISIONS		Resolution No. 691	September 28, 1992
Conditional Use Permits	$1,500		
Site Plan Review	$1,500		
Variance	$1,250		
Variance, Minor	$750		
Discretionary Approval Modification	2/3 of original application fee		
Zone Change	$2,000		
Zoning Amendment	$2,000		
General Plan Amendment	$2,000		
Lot Line Adjustment	$1,500, plus county fee		
Tentative Parcel Map	$1,500 and county fees plus 20%		
Tentative Tract Map	$1,500 and county fees plus 20%		

CITY OF ROLLING HILLS
CONSOLIDATED TAX, FEE AND FINE SCHEDULE
for FISCAL YEAR 2019/20

ITEM	FEES	CODE/RESO NO.	DATE ADOPTED
Appeal Fee	2/3 of original application fee		
Appeal of Zone Clerance	$375	Resolution No. 1149	July 22, 2013
Environmental Impact Report	City consultant fee plus 10%	Resolution No. 1206	May 22,2017
Extension of Time	$200	Resolution No. 1149	July 22, 2013
Final Parcel or Tract Map	County fees	Resolution No. 1206	May 22, 2017
County Clerk Processing Fee	County fee	Resolution No. 1149	July 22, 2013
Multiple Discretionary Reviews	Most expensive fee for the first review and 1/2 of the fee for the second review. No fee for third or more reviews	Resolution No. 1060	May 11, 2009
Accessory Dwelling Unit Appl. Processing Fee	$375	Resolution No. 2120	February 12, 2018
Stable Use Permit	$375	Resolution No. 1149	July 22, 2013
Major Remodel Review	$375	Resolution No. 1149	July 22, 2013
Lighting Ordinance Modification	$375	Resolution No. 1206	May 22, 2017
Outdoor Lighting Audit	$150	Resolution No. 1149	July 22, 2013
City Council and Planning Commission Intrepretation and Misc. Reviews	$375 - fee to be credited if results in filing of forml application to the Citry Council or Planning Commission	Resolution No. 1149	July 22, 2013
Environmental Review fees for Discretionary Permits			
Preparation and Staff Review of Initial Study	$200	Resolution No. 1119	April 23, 2012
Preparation of Negative Declaration or Mitigated Negative Declaration	$50 plus fee charged by the CA Dept. of Fish and Game, if applicable, as adjusted annually	Resolution No. 1206	May 22, 2017
Service Request	County fees plus 20%	Resolution No. 1119	April 23, 2012
Construction and Demolition Waste Permit	$100 single project permit/ $750 deposit, refundable upon submittal of Certificate of Compliance	Resolution No. 1060	June 24, 2019
ADDITIONAL PROCESSING FEE		Resolution No. 854	January 25, 1999
Planning & Zoning Applications involving illega or "as built" structures or grading that require Planning Commission review.	Administrative Fee $1,500	Resolution No. 1206	May 22, 2017
	Stop Work Order $200	Resolution No. 1060	May 11, 2009
TRAFFIC COMMISSION REVIEW		Resolution No. 691	September 28, 1992
New driveways or other traffic related items	$300		
VIEW IMPAIRMENT		Resolution No. 1119	April 23, 2012
Review by Committee on Trees and Views Processing fee	$2,000		
Environmental Review Fees			
Preparation and Staff Review of Initial Study	$200		
Preparation of Negative Declaration or Mitigated Negative Declaration	$50 plus fee charged by the CA Dept. of Fish and Game, if applicable, as adjusted annually		
GENERAL ADMINISTRATION - PROCESSING FEES		Resolution No. 691	September 28, 1992
General Plan	$30		
Zoning Code	$25		
Budget	$30		
Zoning Map	$3		
Xeroxed Copies, each page	$0.25		

ITEM	FEES	CODE/RESO NO.	DATE ADOPTED
Subdivision Code	$25		
FALSE ALARM		Resolution No. 1119	April 23, 2012
Fee for 1st incident involving a false alarm is waived			
2nd	$50		
3rd	$100		
4th	$150		
5th	$200		
6th	$250		
BAIL/FINE SCHEDULE FOR VEHICLE AND TRAFFIC VIOLATIONS		Resolution No. 791	August 12, 1996
	As set forth in Bail/Fine Schedule for	Resolution No. 799	October 28, 1996
	Title 10 Violations,.	Resolution No. 824	July 28, 1997
		Resolution No. 1072	September 14, 2009
		Resolution No. 1101	January 10, 2011
PARKING VIOLATION/CITATION PENALTY SCHEDULE		Resolution No. 717	November 22, 1993
	Pursuant to California Vehicle Code Section	Resolution No. 740	May 9, 1994
	40203.5 and 40225	Resolution No. 824	July 28, 1997
FINE SCHEDLE FOR ADMINISTRATIVE CITATIONS			
Social Host Liability (RHMC Chapter 9.58)		Resolution No. 1206	May 22,2017
1st Volation	$2,500		
2nd Violation within one year of first	$5,000		
Each add'l violation within one year of first	$7,500		
DOG/CAT LICENSE FEES		Resolution No. 527	April 23, 1984
Dog, unaltered	$18		
Dog, spayed/neutered with Certificate of Sterility	$9		
Metallic dog tag	$5		
Penalty for not renewing license	$25		
Duplicate dog tag	$5		
Transfer fee	$3		
Appeal fee	$40		
Cat, unaltered, lifetime (optional)	$10		
Cat, spayed/neutered, lifetime (optional) with Certificate of Sterility	$5		
QUIMBY ACT FEES FOR SUBDIVISIONS	Park in-lieu fees and/or dedication of land when subdividing property.	Municipal Code Section 16.28.150	March 2005
SOLID WASTE COLLECTION FEES	FY 2017/18 Annual Fee - $1,100 *	Resolution No. 1051	January 12, 2009
PERMITS RELATIVE TO EXTRA LARGE VEHICLES ACCESSING THE CITY		Resolution No. 637	March 25, 1991
	$75 per vehicle		
	(The City does not collect this fee.)		

** Solid Waste Collection Fee last updated 7/1/14 for FY 14/15 (City absorbed CPI increase for FY15/16, FY16/17, FY17/18, FY 18/19 and FY 19/20)*