



City of Rolling Hills

INCORPORATED JANUARY 24, 1957

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

AGENDA
Special Finance/Budget/Audit
Committee Meeting

**FINANCE/BUDGET/AUDIT
COMMITTEE**
Monday, May 01, 2023

CITY OF ROLLING HILLS
6:00 PM

1. ITEMS FOR DISCUSSION

- 1.A. REVIEW OF FISCAL YEAR 23/24 PRELIMINARY GENERAL FUND REVENUE PROJECTIONS AND PROPOSED GENERAL FUND EXPENDITURES BY DEPARTMENT

RECOMMENDATION: Receive and file. Provide direction to staff.

[CL_AGN_230501_FBA_FY23-24_GeneralFund_Revenues.pdf](#)

[CL_AGN_230501_FBA_GeneralFund_Summary.pdf](#)

[CL_AGN_230501_FBA_Line-Item_Expenditures_GF_Budget.pdf](#)

[CL_AGN_230501_FBA_Staff_Proposed_Adjustments_GeneralFund.pdf](#)

2. PUBLIC COMMENT

3. ADJOURNMENT

Notice:

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

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

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



City of Rolling Hills

INCORPORATED JANUARY 24, 1957

Agenda Item No.: 1.A
Mtg. Date: 05/01/2023

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: ROBERT SAMARIO, FINANCE DIRECTOR

THRU: ELAINE JENG P.E., CITY MANAGER

SUBJECT: REVIEW OF FISCAL YEAR 23/24 PRELIMINARY GENERAL FUND REVENUE PROJECTIONS AND PROPOSED GENERAL FUND EXPENDITURES BY DEPARTMENT

DATE: May 01, 2023

BACKGROUND:

The development of the fiscal year 2023/24 budget is in progress and will culminate with its adoption in late June. Staff has scheduled several meetings with the City Council and the City's Budget Committee to review various aspects of the budget. At this meeting, staff will present the latest General Fund revenue projections for both the current year and next fiscal year. In addition, staff will present the proposed line-item expenditure budget for the General Fund that incorporates the recommended cuts and adjustments approved by City Council as well as other adjustments proposed by staff based on further review of each line-item expenditure account.

DISCUSSION:

General Fund Revenues

Attached to this agenda report is a listing of each General Fund revenue, showing the current year budget, revenues through March 31, 2023, preliminary projections through year-end, and preliminary revenue projections for next fiscal year.

Based on revenues received through March 31, 2023 and further analysis of recent trends, overall revenues projections for next year are now \$158,184 higher than the projections presented to the City Council last month.

Fiscal year 2022/23 budgeted revenues total \$2,728,383. Excluding the one-time ARPA grant revenues of \$220,682, ongoing budgeted revenues are \$2,507,701. Based on the preliminary year-end projections, total ongoing revenues for fiscal year 2023/24 are estimated at \$2,757,316. Thus, ongoing revenues are projected to increase by \$249,615. Notable changes to revenues relative to the current year budget include real property transfer tax revenues, building revenues, and interest on investments.

Real property transfer tax revenues have been dramatically impacted by the rise in interest rates. Total revenues for the current fiscal year are estimated to be \$40,713 versus budgeted revenues of \$122,706. For next fiscal year, based on a conservative 3% assumed growth rate, revenues are projected at \$41,934.

In contrast, building revenues are expected to reach \$600,000 by year-end, well above the \$475,000 budgeted revenue. It is possible for revenues to be even higher, but given the recent increase in interest rate, and the slowdown to building that typically follows, the projection for fiscal year 2023/24 assumes no growth.

Interest earnings from the investment of City funds is also tracking well above budget. The year-end projection is \$110,146 versus the budget of \$40,000. This increase is due to the shift of \$750,000 in funds held in the State's Local Agency Investment Fund (LAIF) to certificates of deposit to capitalize on the increase in interest rates. For next fiscal year, staff has kept the projection at \$110,000 since interest rates have stabilized and the investment portfolio is not expected to change much next year.

Updated General Fund Balancing

Based on the revised revenue estimates and the adjustments, and reductions approved by Council, the General Fund now has a budgeted surplus of \$152,516. It is important to note, however, the revenue estimates are still subject to change as more financial data is received in April and May.

With the additional revenues available, staff is proposing additional adjustments to the budget as described below based on a thorough analysis of each expenditure account. In addition, staff has adjusted staff salaries by 3.5% based on the Employee's Handbook which provides for an increase in salaries based on the LA County CPI for the year ended March 2023, not to exceed 3.5%. The actual CPI for that period was 3.7%. The budget impact is \$10,975.

Some of the non-salary adjustments to the budget are described below. A full listing of all staff-proposed adjustments is provided in the attached report.

Restoring Funding for Maintenance in Areas 1 & 2 (\$32,800) - Council approved a reduction to funding for maintaining Areas 1 & 2 by the Palos Verdes Peninsula Land Conservancy, which was recommended by staff as one of several balancing measures. Staff believes having these areas maintained is necessary and should continue if funding is available.

Reducing Emergency Preparedness Budget (\$81,900) - Based on expected costs next fiscal year, the budget can be reduced by \$81,900. The specific items included within this account include a reduction to the Peninsula Expo by \$8,000; a reduction to Alert South Bay by \$10,000; the elimination of the Wildland Resource Management (Inspections) provision (\$7,500); reduction in Consulting Costs (Enforcement) by \$30,000; and reduction in the Fuel Abatement Program by \$26,400.

Increasing Contract and Funding for Finance Department (\$20,000) - Staff recommends adding \$20,000 to the Finance Department budget to establish a more realistic and sustainable level of funding for the contracted services provided by MV Cheng & Associates.

Reducing Costs for Legal Services (\$50,000) - Based on a reduction of large projects and complex matters that involve the City Attorney relative to prior years, staff proposes reducing legal costs in the Planning Department by \$20,000 and the City Manager Department by \$30,000.

Reduction in Building-Related Services Provided by LA County and Willdan (\$70,000) - As we continue to refine both the revenues from building-related fees collected by the County and Willdan, the associated costs for these services continue to be refined. Based on our more recent analysis, staff believes the budget can be lowered by \$50,000 for the County and \$20,000 for Willdan.

Increasing Budget for Law Enforcement by \$30,000 - The LA County Sheriff's Department advised the City that their contract cost will increase by 7.61% and the liability charge will increase from 11% to 12%. The net impact to the General Fund, after allocation supplemental services to the COPs Fund, will be \$30,000.

Restoration of Contracted Code Enforcement (\$27,880) - The City Council recently reduced the contract for code enforcement and, accordingly, staff had previously proposed a reduction to the budget. Based on the availability of additional revenues and reductions in certain expenditures as discussed herein, staff is now proposing a restoration of these services to the previous level along with the associated budget dollars.

Continuation of Contracted Project Management Costs (\$35,000) - The current year budget (FY 2022/23) includes \$45,000 in one-time funds for capital project management services provided by Alan Palermo. Since these projects will continue into next fiscal year, staff proposes adding \$35,000 to the budget.

Factoring in the adjustments and reductions to the budget approved by Council, the proposed ongoing expenditure budget totals \$2,606,705. However, with the proposed staff adjustments discussed above, the expenditure budget would increase by a net amount of \$20,990 to \$2,625,790, and leaving of \$131,526, which staff recommends using to add to reserves that have been used extensively for unexpected costs.

FISCAL IMPACT:

None.

RECOMMENDATION:

Receive and file. Provide direction to staff.

ATTACHMENTS:

[CL_AGN_230501_FBA_FY23-24_GeneralFund_Revenues.pdf](#)

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CITY OF ROLLING HILLS
General Fund Revenues
Fiscal Year 2023/24 Preliminary Projections

	FY 2023 Adopted	Prelim. Year-End Estimate	Estimated Year-End Variance	Prelim. FY 2024 Projection	
Property Taxes	\$ 1,425,207	\$ 1,458,407	\$ 33,200	\$ 1,531,327	5%
Sales Taxes	19,300	13,500	(5,800)	13,905	3%
Property Transfer Tax	122,706	40,713	(81,993)	41,934	3%
Other Taxes	-	1,000	1,000	1,000	Flat
Motor Vehicle In Lieu	252,000	260,000	8,000	265,200	2%
Building & Other Permits	475,000	600,000	125,000	600,000	Flat
C&D Permits	-	5,600	5,600	5,600	Flat
Variance, Planning & Zoning	20,000	44,926	24,926	45,000	Flat
Animal Control Fees	250	150	(100)	150	Flat
Franchise Fees	14,000	13,397	(603)	13,400	Flat
Fines & Traffic Violations	4,500	3,442	(1,058)	3,500	Flat
Cost Recovery - Publications	15,000	7,196	(7,804)	7,200	Flat
RHCA Lease Revenue	69,000	69,000	-	69,000	Flat
Public Safety Aug Fund	1,000	1,007	7	1,100	Flat
Burglar Alarm Response	500	-	(500)	-	Flat
Interest on Investments	40,000	110,146	70,146	110,000	Flat
PARS Earnings	20,239	15,000	(5,239)	20,000	Flat
Miscellaneous Revenue	5,000	6,000	1,000	5,000	Flat
Transfer In - ARPA Fund	220,682	220,682	-	-	N/A
Transfers In - Refuse Fund	24,000	24,000	-	24,000	Flat
TOTALS	\$ 2,728,383	\$ 2,894,166	\$ 165,782	\$ 2,757,316	
				Year-End Projections at Mid-Year	<u>\$ 2,599,132</u>
				Increase from Mid-Year	<u>\$ 158,184</u>

CITY OF ROLLINGS HILLS
Fiscal Year 2023/24 Budget Summary

	Council's FY 2024 Budget	City Manager Proposed Adjustments	Proposed FY 2024 Budget
ONGOING EXPENDITURES	\$ 2,604,800	\$ 20,990	\$ 2,625,790
ONGOING REVENUES	<u>2,599,132</u>	<u>158,184</u>	<u>2,757,316</u>
Surplus (Deficit)	<u><u>\$ (5,668)</u></u>	<u><u>\$ 137,194</u></u>	<u><u>\$ 131,526</u></u>

CITY OF ROLLING HILLS
FY 2023/24 Expenditure Budget

Department/Object Account	Ongoing Expenditures				
	Ongoing Baseline	Council Adjustments	Adjusted Budget	Proposed Adjust.	Proposed Budget
01 - CITY ADMINISTRATOR					
702 Salaries -Full Time	\$ 474,258	\$ -	\$ 474,258	\$ 19,063	\$ 493,321
705 Temporary Salaries	-	-	-	7,000	7,000
710 Retirement CalPERS-Employer	39,769	-	39,769	5,884	45,653
712 CalPERS Unfunded Liability	65,095	(65,095)	-	-	-
715 Workers Compensation Insurance	8,100	-	8,100	1,000	9,100
716 Group Insurance	71,316	-	71,316	1,591	72,907
717 Retiree Medical	35,231	-	35,231	2,269	37,500
718 Employer Payroll Taxes	36,997	-	36,997	1,470	38,467
719 Deferred Compensation	4,559	-	4,559	159	4,718
720 Auto Allowance	4,800	-	4,800	-	4,800
721 Phone Allowance	1,970	-	1,970	550	2,520
740 Office Supplies	11,000	-	11,000	2,000	13,000
745 Equipment Leasing Costs	11,450	-	11,450	(450)	11,000
750 Dues & Subscriptions	16,240	-	16,240	(2,000)	14,240
755 Conference Expense	10,000	(8,127)	1,873	8,127	10,000
757 Meetings Expense	2,000	-	2,000	-	2,000
759 Training & Education	5,000	-	5,000	-	5,000
761 Auto Mileage	500	-	500	-	500
765 Postage	21,000	-	21,000	-	21,000
775 City Council Expense	10,000	(5,000)	5,000	5,000	10,000
776 Miscellaneous Expenses	6,200	-	6,200	(1,450)	4,750
780 Communications/Newsletters & Outreach	5,000	-	5,000	-	5,000
785 Codification	5,000	-	5,000	(2,000)	3,000
790 Advertising	2,400	-	2,400	-	2,400
795 Other Gen Admin Expense	1,050	-	1,050	1,450	2,500
801 City Attorney	120,000	-	120,000	(30,000)	90,000
802 Legal Expense - Other	3,000	-	3,000	-	3,000
820 Website	6,000	-	6,000	-	6,000
850 Election Expense City Council	15,000	(15,000)	-	-	-
890 Consulting Fees	-	-	-	35,000	35,000
891 Records Management	1,700	-	1,700	-	1,700
Total City Administrator	994,635	(93,222)	901,413	54,663	956,076

CITY OF ROLLING HILLS
FY 2023/24 Expenditure Budget

Department/Object Account	Ongoing Expenditures				
	Ongoing Baseline	Council Adjustments	Adjusted Budget	Proposed Adjust.	Proposed Budget
05 - Finance					
740 Office Supplies	-	-	-	-	-
750 Dues & Subscriptions	2,000	-	2,000	1,000	3,000
810 Annual Audit	18,500	-	18,500	500	19,000
890 Consulting Fees	120,000	-	120,000	20,000	140,000
Total Finance	140,500	-	140,500	21,500	162,000
15- PLANNING & DEVELOPMENT					
702 Salaries	236,748	-	236,748	(24,233)	212,515
703 Salaries - Part-Time	26,587	-	26,587	1,023	27,610
710 Retirement CalPERS-Employer	18,100	-	18,100	(1,350)	16,750
715 Workers Compensation Insurance	4,000	-	4,000	(100)	3,900
716 Group Insurance	44,275	-	44,275	(1,606)	42,669
718 Employer Payroll Taxes	20,237	-	20,237	(1,710)	18,527
719 Deferred Comp	-	-	-	865	865
720 Auto Allowance	1,200	-	1,200	-	1,200
721 Phone Allowance	600	-	600	-	600
761 Auto Mileage	300	-	300	-	300
750 Dues & Subscription	1,000	-	1,000	4,500	5,500
755 Conference Expense	5,000	(3,115)	1,885	1,615	3,500
759 Training & Education	1,000	-	1,000	-	1,000
790 Publication/Advertising/Noticing	15,000	-	15,000	-	15,000
802 Legal Expenses-Other	20,000	-	20,000	(10,000)	10,000
872 Property Development-Legal Exp	80,000	(20,000)	60,000	(10,000)	50,000
875 Willdan Building	50,000	-	50,000	(20,000)	30,000
878 Build Inspect. LA County	150,000	150,000	300,000	(50,000)	250,000
881 Storm Water Management	97,142	(21,719)	75,423	8,677	84,100
884 Special Project Study & Consulting	20,000	-	20,000	-	20,000
886 Code Enforcement	82,880	(20,000)	62,880	27,880	90,760
890 Consulting Fees - On-Call Maint (Onward)	-	-	-	-	-
928 Traffic Engineering	5,000	-	5,000	-	5,000
Total Planning & Development	879,069	85,166	964,235	(74,439)	889,796

CITY OF ROLLING HILLS
FY 2023/24 Expenditure Budget

<u>Department/Object Account</u>	<u>Ongoing Expenditures</u>				
	<u>Ongoing Baseline</u>	<u>Council Adjustments</u>	<u>Adjusted Budget</u>	<u>Proposed Adjust.</u>	<u>Proposed Budget</u>
25 - Public Safety					
830 Law Enforcement	225,000	-	225,000	30,000	255,000
833 Other Law Enforcement Expenses	4,000	-	4,000		4,000
837 Wild Life Mgmt & Pest Control	10,000	-	10,000	(4,000)	6,000
838 Animal Control Expense	6,000	-	6,000	(1,000)	5,000
Total Public Safety	245,000	-	245,000	25,000	270,000
65 - NON-DEPARTMENTAL					
776 Miscellaneous Expenses	-	-	-		-
895 Insurance & Bond Expense	29,657	-	29,657	7,361	37,018
901 South Bay Comm. Organization	15,000	(5,000)	10,000		10,000
915 Community Recognition	20,000	(10,000)	10,000		10,000
917 Emergency Preparedness	221,700	(62,800)	158,900	(49,100)	109,800
Total Non-Departmental	286,357	(77,800)	208,557	(41,739)	166,818
75 - CITY PROPERTIES					
892 IT Services	54,000	(2,500)	51,500	9,700	61,200
893 Granicus Services	8,000	-	8,000	300	8,300
894 Computer Hardware Fund	5,000	-	5,000		5,000
925 Utilities	85,212	(25,212)	60,000		60,000
930 Repairs & Maintenance	35,000	(25,000)	10,000	6,000	16,000
932 Area Landscaping	12,500	-	12,500	3,100	15,600
946 Buildings & Equipment	-	-	-	15,000	15,000
947 Non-Building Improvements	-	-	-		-
Total City Properties	199,712	(52,712)	147,000	34,100	181,100
TOTALS BEFORE TRANSFERS	2,745,273	(138,568)	2,606,705	19,085	2,625,790
OPERATING TRANSFERS OUT					
999 Refuse Collection Fund (Fund 50)	168,500	(168,500)	-		-
Total Transfers Out	168,500	(168,500)	-	-	-
GENERAL FUND TOTALS	\$ 2,913,773	\$ (307,068)	\$ 2,606,705	\$ 19,085	\$ 2,625,790

CITY OF ROLLINGS HILLS
Staff-Proposed Adjustments

CITY ADMINISTRATOR DEPARTMENT

Continuing Project Management Contract	\$ 35,000
Add Back Funding for City Council Expenses	5,000
Reduction to Attorney Budget - Per Recent Trends	(30,000)
Salary Adjustments Including 3.5% CPI Increase	37,986
Increase to Workers Comp Insurance	1,000
Restoring 5% Across the Board Cuts to City Manager Budget	8,127
Reduce Codification Budget Based on Trends	(2,000)
Increase General Admin Expense	1,450
Reduce Misc Expenses	(1,450)
Reduce Equipment Leasing Budget - New Lease Agmts	(450)
Total City Admininistrator	54,663

PLANNING DEPARTMENT

Salary Adjustments Including 3.5% CPI Increase	(27,011)
Restoration of Contracted Code Enforcement	27,880
Reduction to Planning Legal Costs Per Actuals	(20,000)
Reduction in Building Services - LAC & Willdan	(70,000)
Restoring 5% Across the Board Cuts to Planning	3,115
Increase Dues & Subscriptions Based on Need	4,500
Decrease Conference Expense	(1,500)
Increase Stormwater Mangement Costs	8,677
Reduce Workers Comp Insurance Expense	(100)
Total Planning Department	(74,439)

FINANCE DEPARTMENT

Increase Budget for Contracted Services	20,000
Increase to Annual Audit Budget	500
Increase Budget For Licenses Costs - Accounting System	1,000
Total Finance Department	21,500

PUBLIC SAFETY DEPARTMENT

Adjust for Increase to Sheriff's Contract	30,000
Reduce Pest Control Budget Based on Trends/Need	(4,000)
Reduce Animal Control Costs	(1,000)
Total Public Safety	25,000

CITY OF ROLLINGS HILLS
Staff-Proposed Adjustments

NON-DEPARTMENTAL

Increase to Insurance Costs (Property/Crime/Pollution)	7,361
Add Back Areas 1 & 2 Maintenance	32,800
Adjust Emergency Preparedness Based on Expectations	(81,900)
Total Non-Departmental	<u>(41,739)</u>

CITY PROPERTIES

Establish Budget for Equipment Replacement - Chambers	15,000
Increase Budget for IT Services Based on Actuals	9,700
Increase Budget for Granicus	300
Increase Budget for Repairs & Maintenance	6,000
Increase Budget for Area Landscaping	3,100
Total City Properties	<u>34,100</u>

TOTAL - ALL ADJUSTMENTS	<u>\$ 19,085</u>
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