



BETTY T. YEE
California State Controller

February 2, 2015

Don Rhoads, Director of Administrative
Services & Chief Financial Officer
City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210

Dear Mr. Rhoads:

The State Controller's Office performed a desk review of costs claimed by the City of Beverly Hills for the legislatively mandated Municipal Storm Water and Urban Runoff Discharges Program (Los Angeles Regional Water Quality Control Board, Order No. 01-182, Permit CAS004001, Part 4F5c3) for the period of July 1, 2002, through June 30, 2011. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to verifying the city's eligibility for reimbursement.

The city claimed \$1,664,084 for the mandated program. Our review found that none of the costs claimed are allowable because the city is not an eligible claimant, as described in the attached Summary of Program Costs and the Review Results. The State made no payments to the city.

We informed Roza Jakabffy, Accounting Manager, of our assessment regarding the city's eligibility for reimbursement, via an email dated December 12, 2014. After some analysis, Ms. Jakabffy reached the same conclusion. In an email dated January 6, 2014, Ms. Jakabffy stated that the "City of Beverly Hills' jurisdiction is entirely covered by the Ballona Creek trash TMDL and as such the city is not an eligible claimant."

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by phone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

Attachments

RE: S15-MCC-9012

cc: Noel Marquis, Assistant Director of Administrative Services/Finance
City of Beverly Hills
Roza Jakabffy, CPA, Accounting Manager
City of Beverly Hills
Michael Byrne, Principal Program Budget Analyst
Mandates Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 2002, through June 30, 2011

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2002, through June 30, 2003</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.74	\$ —	\$ (6.74)
Number of transit receptacles	× 172	—	× (172)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 180,848</u>	—	<u>\$ (180,848)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.74	\$ —	\$ (6.74)
Number of transit receptacles	× 172	—	× (172)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 180,848</u>	—	<u>\$ (180,848)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.74	\$ —	\$ (6.74)
Number of transit receptacles	× 172	—	× (172)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 180,848</u>	—	<u>\$ (180,848)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.74	\$ —	\$ (6.74)
Number of transit receptacles	× 172	—	× (172)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 180,848</u>	—	<u>\$ (180,848)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2006, through June 30, 2007</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.74	\$ —	\$ (6.74)
Number of transit receptacles	× 172	—	× (172)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 180,848</u>	—	<u>\$ (180,848)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.74	\$ —	\$ (6.74)
Number of transit receptacles	× 180	—	× (180)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 189,259</u>	—	<u>\$ (189,259)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.74	\$ —	\$ (6.74)
Number of transit receptacles	× 180	—	× (180)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 189,259</u>	—	<u>\$ (189,259)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.78	\$ —	\$ (6.78)
Number of transit receptacles	× 180	—	× (180)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 190,382</u>	—	<u>\$ (190,382)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2010, through June 30, 2011</u>			
Ongoing activities:			
Reasonable reimbursement methodology factor	\$ 6.80	\$ —	\$ (6.80)
Number of transit receptacles	× 180	—	× (180)
Annual number of trash pickups	× 156	—	× (156)
Total program costs	<u>\$ 190,944</u>	—	<u>\$ (190,944)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>Summary: July 1, 2002, through June 30, 2011</u>			
Total program costs	<u>\$ 1,664,084</u>	\$ —	<u>\$ (1,664,084)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	

¹ See the Review Results.

Attachment 2— Review Results July 1, 2002, through June 30, 2011

BACKGROUND—

The Los Angeles Regional Water Quality Control Board adopted a 2001 storm water permit (Permit CAS004001) that requires local jurisdictions to:

Place trash receptacles at all transit stops within its jurisdiction that have shelters no later than August 1, 2002, and at all other transit stops within its jurisdiction no later than February 3, 2003. All trash receptacles shall be maintained as necessary.

On July 31, 2009, the Commission on State Mandates (Commission) determined that part 4F5c3 of the permit imposes a State mandate reimbursable under Government Code section 17561 and adopted the Statement of Decision. The Commission further clarified that each local agency subject to the permit and not subject to a trash total maximum daily load (TMDL) is entitled to reimbursement.

The program's parameters and guidelines establish the State mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on March 24, 2011. In compliance with Government Code section 17558, the State Controller's Office issues claiming instructions to assist local agencies, school districts, and community college districts in claiming mandated program reimbursable costs.

**FINDING—
Ineligible claimant**

The city claimed reimbursement of \$1,664,084 in costs of the Municipal Storm Water and Urban Runoff Discharges Program. We found that none of the costs claimed are allowable because the city is not an eligible claimant. The City of Beverly Hills is located entirely within the Ballona Creek Watershed, and, as such, does not maintain any transit stops outside of the Ballona Creek trash TMDL.

The parameters and guidelines (Section II. Eligible Claimants) state:

The following local agency permittees that are subject to the Ballona Creek trash TMDL are eligible to claim reimbursement for the mandated activities only to the extent they have transit stops located in areas not covered by the Ballona Creek trash TMDL requirements:

Beverly Hills, Culver City, Inglewood, Los Angeles (City), Los Angeles County, Santa Monica, and West Hollywood.

Recommendation

We recommend that the city ensure that it only file reimbursement claims for mandated programs for which it is an eligible claimant.