



# Press Release

PR24 – 040

14000 City Center Drive, Chino Hills, CA 91709

**CONTACT:** Nicole Freeman  
Ph: (909) 364-2609

Valerie McClung  
Ph: (909) 364-2618

**DATE:** July 2, 2024

## **CITY OF CHINO HILLS MAKES CAREFUL CUTS WHILE MAINTAINING QUALITY OF LIFE TO ADOPT BALANCED FISCAL YEAR 2024-25 BUDGET**

Chino Hills, CA – At the June 11, 2024, City Council Meeting, the City of Chino Hills adopted its [Annual Operating and Capital Improvement Program](#) budget for the Fiscal Year (FY) 2024-25. While the annual budget takes into consideration a variety of assumptions related to projected revenues and forecasted expenditures, strategic maintenance deferrals and service level adjustments were required this year to achieve a balanced budget. Examples include cutting the City's Public Works budget by \$1.5 million, reducing water use and landscaping maintenance of City-owned space and trees by \$1 million, and delaying some infrastructure improvements, non-essential facility repairs, and roadway projects.

The City's budget is the framework and financial plan the City Council uses to establish programs and services provided by the City and to allocate funds necessary to carry out those programs. The City Manager is responsible for ensuring the City remains fiscally responsible and that the Council is presented with a balanced annual budget for consideration and decision-making. The City Council adopts the budget in June of each year for the following fiscal year, which runs from July 1 to June 30. Before being presented to the City Council, the budget process began in January with a \$3.1 million estimated General Fund operating deficit. The City's operating budget covers the day-to-day operations and obligations of the City including law enforcement, and general City services.

This year's budget includes a \$6.6 million investment in the City's Community Services fund to provide special events and the recreation programs residents and families enjoy at minimal to no cost. Each year the City Council chooses to subsidize these programs and events from the City's General Fund. These include signature special events and recreational programs that bring our community together like the Independence Celebration, Tree Lighting Ceremony, Easter Egg-Citement, Trick-or-Treat, and programs like Concerts and Movies in the Park, Mobile Recreation, Aquatics, Tiny Tots, Summer Day Camp, and Pee-Wee Sports.

While the City's budget includes our General Fund unrestricted reserve of \$33.3 million, these funds are crucial to fund essential public services and unforeseen circumstances, and relying on them to fund an operating deficit is not a sustainable approach to maintaining a healthy

- MORE -

City organization. For example, in the past the City spent nearly \$5 million out of the City's General Fund to battle Southern California Edison (SCE) and compel the California Public Utilities Commission to force SCE to underground power lines in Chino Hills, and \$310k to protect the 2,400-acre Tres Hermanos Ranch property from a massive solar facility project.

Like many organizations, inflation is impacting all costs including increases in police services, maintaining aging infrastructure, contracts, and energy. The City must face the fact that General Fund expenditures will outpace anticipated revenues in future years. The City experienced a decrease in sales tax and gas tax revenue as people continue to feel the effects of costs of living increases and as a result are shopping and dining out less and saving on rising gas costs by switching to more fuel-efficient vehicles. The City also faces the challenge of the ongoing Lighting and Landscaping (L&L) deficit. The revenue received from L&L funds has been fixed since 1996 and the City is spending \$3.1 million this year to subsidize the costs, which includes funding replacements of playground equipment and maintenance of landscape areas.

In five years, it is estimated that the City's General Fund reserves will decrease by about half due to the challenges mentioned above. While revenues will increase moderately, they do not increase at the same rate as operating expenditures and the costs in the areas the City subsidizes. For example, the subsidy for the L & L District is expected to increase and will cumulatively total \$18.1 million over the next five years, further burdening the City's critical services and hindering our capacity to fund necessary upkeep and enhancements.

Maintaining the Chino Hills quality of life, commitment to safety, and providing essential services are always the top priorities for the City. Last year the City Council and Executive team identified five goals to guide decision making in the future which includes the budget, housing, infrastructure and transportation, quality of life, and staffing. The Council also tasked staff with the immediate priorities of pursuing opportunities to cut costs, raise revenue, and address the underfunded L&Ls. This year's budget implements the Council's goals, priorities, and policy direction.

In the long term as the City ages, there is a clear need to look for additional sources of locally controlled revenue to ensure our ability to address essential public services while continuing to do all the City can do to manage costs. To learn more about the City's budget and view this year's "Budget in Brief," visit [www.chinohills.org/Budget](http://www.chinohills.org/Budget).

###