

City of Manhattan Beach Budget Update

City Council Retreat
March 12-13, 2015



Budget Schedule

- ▶ Jan 6 Budget Process and Policies
- ▶ Feb Community Survey Fielded
- ▶ Feb 17 Mid Year Budget/CIP
- ▶ Mar 5 Community Budget Meeting
- ▶ May 5 Proposed Budget to City Council
- ▶ May 7 Study Session #1
- ▶ May 11 Study Session #2
- ▶ May 21 Study Session #3
- ▶ May 26 Study Session #4
- ▶ Jun 2 Final review
- ▶ Jun 16 Adoption

**All Study Sessions will be
broadcast and streamed
live**



Community Input

- ▶ Resident Survey
- ▶ Community Budget Priority Meeting
- ▶ Budget Study Sessions
- ▶ City Council meetings
- ▶ Suggestions and comments to budget@citymb.info



FY 2014-2015

▶ General Fund projections:

◦ Revenues	\$61,192,815
◦ Expenditures	<u>\$60,605,196</u>
◦ Surplus	\$ 587,619

▶ Historical Surpluses:

◦ FY 2013-2014	\$2,113,773
◦ FY 2012-2013	\$2,769,400
◦ FY 2011-2012	\$3,057,379
◦ FY 2010-2011	\$1,835,784



FY 2015-2016 Budget

- ▶ New Budget Policies as guiding principles
- ▶ Revenues/Expenditures in development
- ▶ Goal is to present a balanced operating budget
- ▶ Reserves to be maintained and enhanced
- ▶ Performance measurement improvements
- ▶ Innovation opportunities explored



FY 2015-2016 – Key Revenues

- ▶ Property Tax:
 - Ahead of 13-14 by 5.5% through February
 - Year end estimate of \$24.3M (1.7% over budget)
 - Estimating 5% overall growth for 15-16 (\$1.2M new revenue)
- ▶ Sales Tax:
 - Flat - year end estimate of \$8.8M
 - Estimating flat for FY 15-16
 - Awaiting 4th Quarter results for further guidance



FY 2015-2016 – Key Revenues

- ▶ Transient Occupancy Tax
 - Trending ahead of FY 13-14 by 11% (\$377K)
 - Year end estimate of \$3.9M (over budget by \$274K)
 - FY 15-16 estimated growth of 3.5% to \$4.08M
- ▶ Building Permits
 - \$70K ahead of FY 13-14
 - Slightly above budget (\$40K) for FY 14-15
 - Estimating \$1.3M for FY 15-16 (+8.3%)



FY 2015-2016 – Key Revenues

- ▶ Plan Check Fees
 - Year end estimate of \$1.35M (budgeted amount)
 - Below FY 13-14 by \$60K
 - FY 15-16 estimated revenue of \$1.54M
- ▶ Business License Tax
 - Year end estimate of \$3.14M (+\$15K to budget)
 - Collections for FY 14-15 underway
 - FY 15-16 estimated revenue of \$3.16M



Other Trends Affecting Budget

- ▶ CalPERS rates on the rise
- ▶ Labor agreements expire 12/31/2015
- ▶ Healthcare costs remain volatile
- ▶ Workers Compensation trends
- ▶ Stormwater and Street Lighting Subsidies
- ▶ Aging infrastructure and public facilities
- ▶ Changing demographics and impacts on City services



Reserves

- ▶ General Fund policy reserves maintained at 20% of expenditures (\$12.1M)
 - Unexpected fiscal emergencies, natural disasters, etc.
 - GFOA recommends 16.7%
- ▶ Additional \$4M of Economic Uncertainty reserve in General Fund
- ▶ Policy reserves underfunded in Stormwater (\$245K), Refuse (\$900K), State Pier (\$80K)



CalPERS

	Miscellaneous	Police	Fire
FY 14-15 Rate	11.46%	29.556%	23.948%
FY 15-16 Rate	12.848%	33.483%	27.000%
<i>UAL Portion (15-16)</i>	<i>5.267%</i>	<i>13.253%</i>	<i>8.809%</i>
FY 16-17 E-Rate	14.0%	35.983%	29.5%
Unfunded Liability	\$15.6M	\$21.9M	\$9.5M
Funded Ratio	79.9%	77.5%	80.6%

- City's unfunded pension liabilities total \$47 million as of last valuation dated June 30, 2013.
- Unfunded liabilities are paid down as part of the employer rate/contribution.
- A report on the City's pension funding levels will be presented during the FY 2015-2016 budget proceedings.



CalPERS

- ▶ PERS contributions estimated to rise \$700,000 in FY 15-16 and \$725,000 in FY 16-17
- ▶ Factors affecting future rates:
 - Changes in amortization of gains and losses (FY 15-16)
 - Life expectancy increased (FY 16-17)
 - Discount rate change? (currently 7.5%)
 - Actual investment returns achieved
 - Any deviation from assumptions



Staffing



Historical Staffing Levels

Department	1980	2015	Difference
Mgmt Services	11	13	2
Finance	23	25	2
Human Res.	8	6	-2
Comm. Dev.	12	22	10
Police	63.5	104.8	41.3
Fire	30.5	32.2	1.7
Public Works	87	56	-31
P&R	<u>7</u>	<u>23</u>	<u>16</u>
Totals	242	282	40



Service Level Changes Since 2002

- ▶ 2002 Cultural Arts Coordinator
- ▶ 2003 Building Inspector
- ▶ 2004 Park Ranger
- ▶ 2005 Comm. Services Officers (2)
- ▶ 2007 Residential Construction Officer
Information Systems Specialist
- ▶ 2008 Recreation Supervisor (Older Adults)
- ▶ 2009 Environmental Program Manager
- ▶ 2014 Information Systems Specialist (3)



Service Level Changes Since 2002

- ▶ 2015 Graphic Artist
Traffic Engineer
Dial-A-Ride Driver
Information Technology Director



Unmet Needs

- ▶ Introduce Concept of tracking large dollar unfunded needs
- ▶ Two areas: Infrastructure and Initiatives
 - Infrastructure: CIPs and other capital projects
 - Ex: Fire Station #2, Begg Pool, NPDES
 - Initiatives: Council directed programs/projects
 - Ex: Historic Preservation, Peck House
- ▶ On-going list to aid in setting and tracking of priorities as well as funding decisions



UNFUNDED PROJECTS

FY2016 2020 PROJECTS BY TYPE

	PROJECT TITLE	Five-Year Total	FUND SOURCE(S)
	<u>UNFUNDED STORMWATER PROJECTS</u>		
a	Infiltration Projects: Various Locations ¹	\$ 30,000,000	Storm Drain Fund
	Total Stormwater Unfunded	\$ 30,000,000	
	<u>UNFUNDED ASPHALT PAVEMENT PROJECTS</u>		
a	Asphalt Arterial Resurfacing Program ²	\$ 1,810,500	TBD
b	Residential Overlay Reconstruction Program ²	\$ 4,224,500	TBD
	Total Unfunded Pavement Projects	\$ 6,035,000	
	<u>UNFUNDED FACILITIES PROJECTS</u>		
a	Begg Pool Reconstruction	\$ 3,000,000	TBD
b	Fire Station 2 Rebuild	\$ 6,000,000	TBD
c	CERT Vehicle Cover (Location to be Determined)	TBD	TBD
d	City-Owned Refuse Enclosure Improvements Phase II: Construction	\$ 600,000	TBD
	Total Unfunded Facilities Projects	\$ 9,600,000	
	TOTAL UNFUNDED PROJECTS	\$ 45,635,000	
1	\$15 - 30 million estimate is a placeholder. Actual project scope and cost to be determined based on results of Enhanced Watershed Management Plan.		
2	Contingent on Pavement Management recommendations		

Budget Study Sessions



Study Session Schedule

- ▶ May 7 Police and Fire
- ▶ May 11 Parks and Recreation
Management Services
Human Resources
Finance (including IT)
- ▶ May 21 Community Development
Public Works (including CIP)
- ▶ May 26 Wrap Up (if needed)



Study Session Format

- ▶ Align department presentations with priorities
- ▶ Connect results from survey, budget meetings and other community input with spending plan
- ▶ Highlight:
 - Expected service delivery for coming year
 - Major budgetary changes needed to meet service delivery
 - Work Plan/Strategic Plan initiatives
 - Performance Measurements
 - Innovative/Alternative Service Delivery models



Workload Drivers





- **Other Council Business requests**
- **Council Referrals**
- **Council resident requests**
- **Council Requests for information**

