

# **City of Manhattan Beach Budget Discussion Fiscal Year 2015-2016**

April 14, 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](mailto:budget@citymb.info)



# FY 2014-2015

- ▶ General Fund projections:
  - Revenues \$61,324,988
  - Expenditures \$60,851,419
  - Surplus \$ 473,569
  
- ▶ 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 2013-2014 Operating Surplus net of Loan Proceeds/Receivable: \$847,513



# FY 2015-2016 Budget

- ▶ New Budget Policies as guiding principles
- ▶ Revenues/Expenditures being finalized
- ▶ Goal: balanced operating budget
- ▶ Goal: Reserves maintained and enhanced
- ▶ Performance measurement improvements
- ▶ Innovation opportunities/Alternative Service Delivery Methods explored



# FY 2015-2016 – Key Revenues

## ▶ Property Tax:

- Ahead of 13-14 by 5.7% through March
- Year end estimate of \$24.3M (1.7% over budget)
- Estimating 6.7% overall growth for 15-16 (\$1.6M new revenue) from current year estimate

## ▶ Sales Tax:

- Trending down 3% - year end estimate of \$8.8M
- Estimating flat for FY 15-16
- Awaiting 4<sup>th</sup> Quarter results for further guidance



# FY 2015-2016 – Key Revenues

- ▶ Transient Occupancy Tax
  - Trending ahead of FY 13-14 by 10.4% (\$270K)
    - Additional \$47K to CIP Fund
  - Year end estimate of \$3.9M (over budget by \$274K)
  - FY 15-16 estimated growth of 3.5% to \$4.08M
- ▶ Building Permits
  - \$97K 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)
  - Flat with FY 13-14
  - 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 upward trends
- ▶ Storm Water and Street Lighting Subsidies
- ▶ Aging infrastructure and public facilities



# 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 Storm Water (\$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> | 5.267%        | 13.253% | 8.809%  |
| 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
- ▶ Pension Bonds paid off FY 14-15 saving \$765,000
- ▶ 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
- ▶ Independent Actuary retained



# Workers Compensation

- ▶ Costs trending up over past five years
- ▶ Similar trend to other agencies in the Independent Cities Risk Management Authority pool
- ▶ Significant impacts on General Fund in FY 15-16
- ▶ Proactively addressing issues:
  - Met with the Third Party Administrator and ICRMA Administrator on causes and solutions
  - Internal stakeholders involved for improvements in workplace safety, delivery and management of program



# Cost Allocation/User Fees

- ▶ Identifies cost of services and fees that may be charged/recovered
- ▶ Important to stay current on cost recovery fees
  - Funding for future programs/CIPs/needs enhanced
  - Last study 2010 – New study uses 14-15 costs
- ▶ Study completed - public hearing on 4/21/2015
- ▶ New fees in line with other survey cities
- ▶ Subsidizing \$450K of costs (some statutory – most by policy)



**City of Manhattan Beach  
Public Works Department**

**Fiscal Year  
2016-2020**

**Capital Improvement Plan Update /  
Unmet Needs Assessment**

**April 14, 2015**



# Capital Improvement Plan Adoption Timeline

- ▶ City Council CIP Update & Draft Project List..... February 17, 2015
- ▶ Community Meeting..... March 19, 2015
- ▶ CIP Update / Unmet Needs Assessment..... April 14, 2015
- ▶ Parking and Public Improvements  
Commission (Approval)..... April 23, 2015
- ▶ Planning Commission (GP Conformance)..... April 29, 2015
- ▶ City Council Study Session..... May 2015
- ▶ Council Adoption of FY15-16 CIP..... June 2015
- ▶ Effective Date of Adopted FY15-16 CIP..... July 1, 2015





# City of Manhattan Beach Public Works Department

## FY 16-20 Summary

| PROJECT TITLE                               | Previously Committed Unspent Funds * | FY2015-16    | FY2016-17    | FY2017-18    | FY2018-19    | FY2019-20   | Total         |
|---|--------------------------------------|--------------|--------------|--------------|--------------|-------------|---------------|
| SUMMARY ALL PROJECT TYPES                   |                                      |              |              |              |              |             |               |
| WASTEWATER PROJECTS                         | \$2,164,377                          | \$625,000    | \$4,750,000  | \$5,000,000  | \$3,150,000  | \$1,950,000 | \$17,639,377  |
| WATER PROJECTS                              | \$6,023,135                          | \$365,829    | \$11,875,000 | \$9,425,000  | \$5,700,000  | \$0         | \$33,388,964  |
| STORMWATER PROJECTS                         | \$440,000                            | \$712,700    | \$712,700    | \$712,700    | \$712,700    | \$712,700   | \$4,003,500   |
| STREETS PROJECTS (w/out Sep Bdg)            | \$9,212,478                          | \$4,012,000  | \$2,965,000  | \$925,000    | \$925,000    | \$850,000   | \$18,889,478  |
| FACILITIES PROJECTS                         | \$1,319,959                          | \$3,620,555  | \$1,150,000  | \$1,000,000  | \$1,000,000  | \$1,000,000 | \$9,440,514   |
| FACILITIES PROJECTS (Special Revenue Funds) | \$2,617,452                          | \$0          | \$0          | \$0          | \$0          | \$0         | \$2,617,452   |
| PARKING PROJECTS                            | \$636,597                            | \$200,000    | \$814,500    | \$0          | \$0          | \$0         | \$1,651,097   |
| FUNDED PROJECTS BY TYPE SUBTOTAL            | \$22,413,999                         | \$9,536,084  | \$22,267,200 | \$17,412,700 | \$11,487,700 | \$4,512,700 | \$87,630,383  |
| STREETS (Sepulveda Bridge)                  | \$19,642,127                         | \$1,000,000  | \$0          | \$0          | \$0          | \$0         | \$20,642,127  |
| FUNDED PROJECTS BY TYPE TOTAL               | \$42,056,125                         | \$10,536,084 | \$22,267,200 | \$17,412,700 | \$11,487,700 | \$4,512,700 | \$108,272,509 |



# Changes to CIP (Since February 17<sup>th</sup> Meeting)

- ▶ Projects “By Type” Spreadsheet
  - Added \$105,000 of CDBG Funds for FY15/16 to ADA Access Ramp Project (Page 6)
  - Added LED Traffic Safety Lighting Project \$77,000 in FY15/16 (Page 7)
  - Added Marine Avenue Park Baseball Field Synthetic Turf for \$175,000 in FY15/16 (Page 8)
    - Verbally mentioned at February 17<sup>th</sup> meeting Projects “By Type” Spreadsheet
  - Added Replacement / Upgrade Fire Station Diesel Exhaust Removal for \$30,000 (Page 8)
    - Previously in Fire FY14/15 Operating Budget



# Responses to Questions from February 17, 2015 City Council Meeting

| Council Question / Request   | Staff Response   |
|--|--|
| 1. Staff to discuss with MBUSD and Beach Cities Health District opportunities to improve/remodel Begg Pool   | MBUSD is currently working on development of their facility master plan, which may involve Begg Pool improvements. Staff tracking issue and has reached out to BCHD to explore options.  |
| 2. Staff to perform a site assessment for another location for the new Fire Station No. 2 and confirm financial requirements for this project                          | Staff is evaluating a possible change of scope that involves deferral of fire station reconstruction to allow City more flexibility in funding other unfunded projects.  |
| 3. When will staff be discussing funding for new NPDES requirements?   | Staff will be presenting City Council with a list of regional projects (with costs) needed to conform with NPDES in May 2015. Funding status will also be discussed.   |
| 4. Why is the CERT vehicle storage still to be determined (TBD)?   | Latest location called for the construction of a vehicle storage pad and manufactured storage building at Block 35 site. Reservoir is to be constructed in 3-5 years, so there are concerns regarding longevity of improvements. |
| 5. For the unfunded asphalt paving projects, staff to provide City Council with possible funding sources for these projects and an evaluation of current fund balances | Additional information to be provided at May 2015 Budget Study Session.  |



# Responses to Questions from February 17, 2015 City Council Meeting

| Council Question / Request   | Staff Response   |
|--|--|
| 6. Staff to determine if there is any additional CDBG Federal funding available in addition to the City's current CDBG funded projects                                   | City currently receives approximately \$100,000 in annual CBDG funds to fund a range of improvements including infrastructure such as the proposed ADA accessibility projects in the CIP.      |
| 7. The current CIP Projects by Type spreadsheet is confusing and City Council requested that new projects be listed on a separate sheet                                  | The new projects will be provided as a separate list to the City Council at the May 21 Budget Study Session  |
| 8. City Council would like a better explanation as to whether or not the City has funding available for all of the projects on the CIP list over the next 5 years        | Finance has confirmed that there are sufficient funds to cover the proposed 5-Year CIP, excluding the unfunded project list.   |
| 9. Staff to provide clarity of what a Parks Master Plan (PMP) would provide to the City  | The purpose of the PMP is to assess, analyze and evaluate the current parks, recreation and open space in the City of MB and evaluate future needs. Process to include extensive public input. |
| 10. Staff to return to City Council will information regarding the study performed for the potential median at crosswalk at 38 <sup>th</sup> Street and Highland Avenue  | Study has been completed. Study was presented to PPIC on March 26, 2015 and will be presented to City Council on May 5, 2015.  |
| 11. Staff to explore opportunities for Measure R Funds to be used as a local match for the Sepulveda Bridge project, rather than using the \$3.7 million of Prop C funds | Staff discussed with Metro staff and Measure R funds cannot be used as a match.  |



# Community Meeting (March 19, 2015)

- ▶ Questions / Comments regarding Highland / 38<sup>th</sup> Street
  - Resident opposed signal installation
  - Resident wanted status of undergrounding of utilities in area
- ▶ Question regarding energy cost savings for LED Traffic Safety Light Replacement
- ▶ Question regarding schedule for Downtown Crosswalk Project



# CIP Unmet Needs Assessment

- ▶ Prepare a Needs Assessment to include desired CIP projects in next 10 years
- ▶ Will provide a comprehensive list of future CIP projects
- ▶ Schedule (Tentative)
  - “Call for Projects” ..... Jun – Aug 2015
  - Compile list and discuss with CIP Committee (Department Heads) ..... Sept – Dec 2015
  - Present to City Council ..... Jan 2016
  - City Council to Prioritize List ..... TBD



# Budget Study Sessions



# Study Session Schedule

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





# Budget Study Session Format

- ▶ Mission Statement/Organizational Chart Review
- ▶ Department-wide overview (programs and divisions - not page by page review)
- ▶ Major changes in service delivery (if applicable)
- ▶ Activities/changes relating to **Community Survey** and the **Community Budget Priorities Meeting**
- ▶ Accomplishments of FY 14-15
- ▶ Goals for FY 15-16
- ▶ Performance Measurement highlights (2-3)



# 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     | <b>41.3</b> |
| 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



# Service Level Changes Since 2002

- ▶ 2014
  - I.S. Specialist (3)
  - Management Analyst
  - Recreation Supervisor
  - Senior Acct Services Rep
  - Admin Clerks(2)
  - Community Services Officer
  - Permit Technician
- ▶ 2015
  - Graphic Artist
  - Traffic Engineer
  - Dial-A-Ride Driver
  - Information Technology Director



# Workload Drivers





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



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