

# City of Manhattan Beach, California

## Fiscal Year 2015-2016 Budget-At-A-Glance

### Budget Overview

*The City of Manhattan Beach is dedicated to providing exemplary municipal services, preserving our small beach town character and enhancing the quality of life for our residents, businesses and visitors.*

Using the mission statement as the foundation, the City Council developed the following strategic goals: maintaining and enhancing fiscal stability; increasing organizational effectiveness and efficiency; maintaining and enhancing City facilities, programs and infrastructure; and encouraging engagement and increased participation of residents and businesses. The fiscal year (FY) 2015-2016 budget was prepared with these guidelines as well as feedback from the community collected through a resident survey and Community Budget Priorities meeting held in March.

Total revenues for FY 2015-2016 across all funds are estimated at \$110.3 million, \$0.2 million or .2% above the FY 2014-2015 budget. Total expenditures are budgeted at \$120.9 million, \$9.8 million or 8.8% above the prior year adopted budget, and includes \$21.2 million in scheduled capital improvement projects.

The complete FY 2015-2016 Adopted Operating Budget and FY 2015-2016 to FY 2019-2020 Capital Improvement Plan can be found at the City's website: [www.cityymb.info](http://www.cityymb.info).

### General Fund Revenue Highlights

General Fund revenues for FY 2015-2016 are projected at \$63.7 million, \$3.8 million or 6.4% higher than the prior year budget. Increases in Property Tax, Transient Occupancy Tax, Business License Tax, and Building and Planning Fees all contribute to the rise in revenues.

- Property Tax, the largest revenue source in the General Fund, is expected to continue growing in the upcoming fiscal years with the local market continuing its resurgence, and residential construction and remodeling on the rise. For FY 2015-2016, Property Tax is estimated at \$25.9 million, \$2.0 million or 8.5% above the prior year budget.
- Transient Occupancy Tax (TOT) continues its recent strong growth patterns. TOT is expected to generate slightly over \$4.0 million in FY 2015-2016, \$411,900 or 11.2% above the prior year budget. This number reflects the General Fund portion only which is 85% of total TOT; the remainder goes to the Capital Improvement Fund. The City levies a 10% tax on hotel/motel rooms.
- Business License Tax is estimated at \$3.1 million for FY 2015-2016, up 1.3% from the prior year budget. The City issues over 5,000 business licenses annually and the overall improvement in the economy is contributing to modest growth in this tax.

### Elected Officials

**Mayor**  
Wayne Powell

**Mayor Pro-Tem**  
Mark Burton

**City Councilmembers**  
Tony D'Errico  
David J. Lesser  
Amy Howorth

**City Treasurer**  
Tim Lilligren

### Executive Staff

**City Manager**  
Mark Danaj

**Assistant City Manager**  
Nadine Nader

**City Clerk**  
Liza Tamura

**City Attorney**  
Quinn M. Barrow

**Director of Finance**  
Bruce Moe

**Interim Director of  
Human Resources**  
Derrick Abell

**Director of Parks and  
Recreation**  
Mark Leyman

**Chief of Police**  
Eve R. Irvine

**Fire Chief**  
Robert Espinosa

**Director of Community  
Development**  
Marisa Lundstedt

**Director of Public Works**  
Tony Olmos

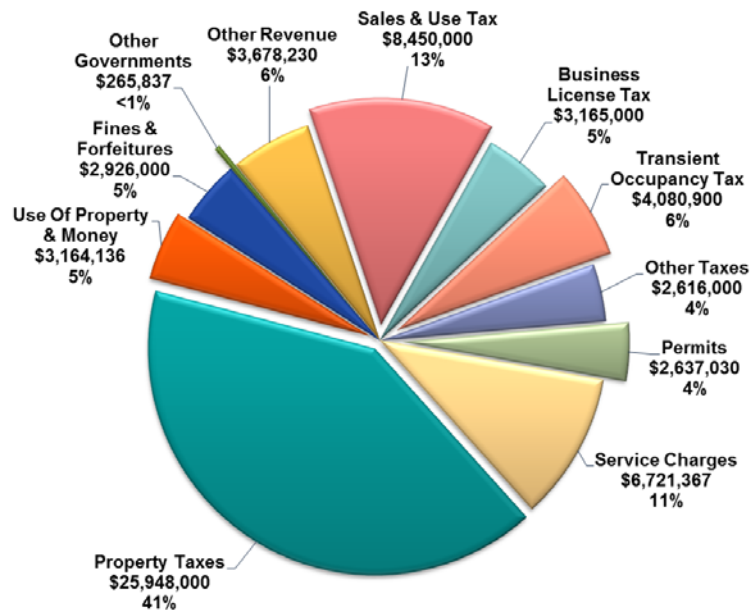
**Director of Information  
Technology**  
Vacant



## General Fund Revenue Highlights (continued)

- An improved housing market and increased building activity and permit valuations have led to higher Building Permit and Plan Check fees. The cost of some building and planning permits and fees will also increase effective July 1st. Permits are estimated at \$1.7 million, or 44.8% over the prior year budget, and Plan Check fees are expected to generate \$1.8 million in revenue, 35.1% above the prior year budget.
- Interest rates remain at suppressed levels while the Federal Reserve continues its efforts to stimulate the economy. As the City's current investments mature, reinvestment rates are less than that of previous years resulting in lower interest earnings on the City's idle funds. Even if the Federal Reserve begins to increase interest rates, an immediate recovery is not expected in the near future. Interest income is estimated at \$516,350 for FY 2015-2016, 6.1% above the prior year budget.
- Marriott Hotel Percentage Rent is a significant contributor to General Fund revenues, and is comprised of a percentage of room and food and beverage sales. For FY 2015-2016, this revenue is estimated at \$995,000, up 8.2% from the prior year budget. This does not include the additional \$400,000 in base rent payment.
- Offsetting these positive trends is Sales Tax revenue, which continues to be impacted by stagnant retail sales activity in Manhattan Beach. The City also suddenly and unexpectedly lost a major sales tax producer in April 2015. As a result, FY 2015-2016 sales tax revenues are expected to fall to \$8.5 million, 7.3% lower than the prior year budget.

Source of Funds - General Fund = \$63,652,500



## General Fund Expenditure Highlights

General Fund expenditures are projected at \$63.6 million in FY 2015-2016, up \$2.9 million or 4.7% from the FY 2014-2015 budget.

Labor-related expenditures are expected to increase by \$2.8 million or 6.9% over last year's budget to \$43.1 million in the new fiscal year, due partly to the addition or change in the following positions:

- Information Technology Director
- Economic Vitality Manager
- Temporary Management Fellow (one-year appointment)
- Part-time Emergency Services Manager
- Restoration of Plan Check Engineer position, offset by reduction in Plan Check contract services
- Code Enforcement Officer/Residential Construction Officer and part-time Administrative Clerk to support the Code Enforcement division
- Ceramics Studio Supervisor, Sports Coordinator and Aquatics Coordinator positions offset by part-time and contract staff hours
- Urban Forester offset by vacant Maintenance Worker position.

The net costs of positions added when considering the offset from the elimination of existing part-time and contract positions is approximately \$485,589 in the General Fund (\$488,049 across all funds), and the net additional full-time equivalents is 2.8 (General and all Funds) after excluding temporary positions.

FY 2015-2016 also includes a vacancy factor of \$1.6 million in the General Fund to account for times when positions are vacant due to attrition and retirements. CalPERS pension contributions, which are increasing by \$666,615 in the General Fund, are part of this category as well.

Materials & Services are up \$0.6 million, or 5.4% from the prior year budget. Primary drivers include an increase of \$144,898 (9.4%) in the annual assessment of the City's portion of the ownership of the South Bay Regional Public Communications Center (911 dispatch center) and Training, which went up by \$131,825. City Council also directed additional funds for Sunday operating hours at the Manhattan Beach Library beginning September 1 (\$63,333 prorated for 10 months).

Internal Service charges are up \$0.8 million or 13.5% from the prior year budget to \$6.8 million. These funds include the Insurance Reserve, Fleet, Information Technology and Building Maintenance funds. The



Manhattan Beach Library, Reopened May 2015  
Photo by Los Angeles County Library

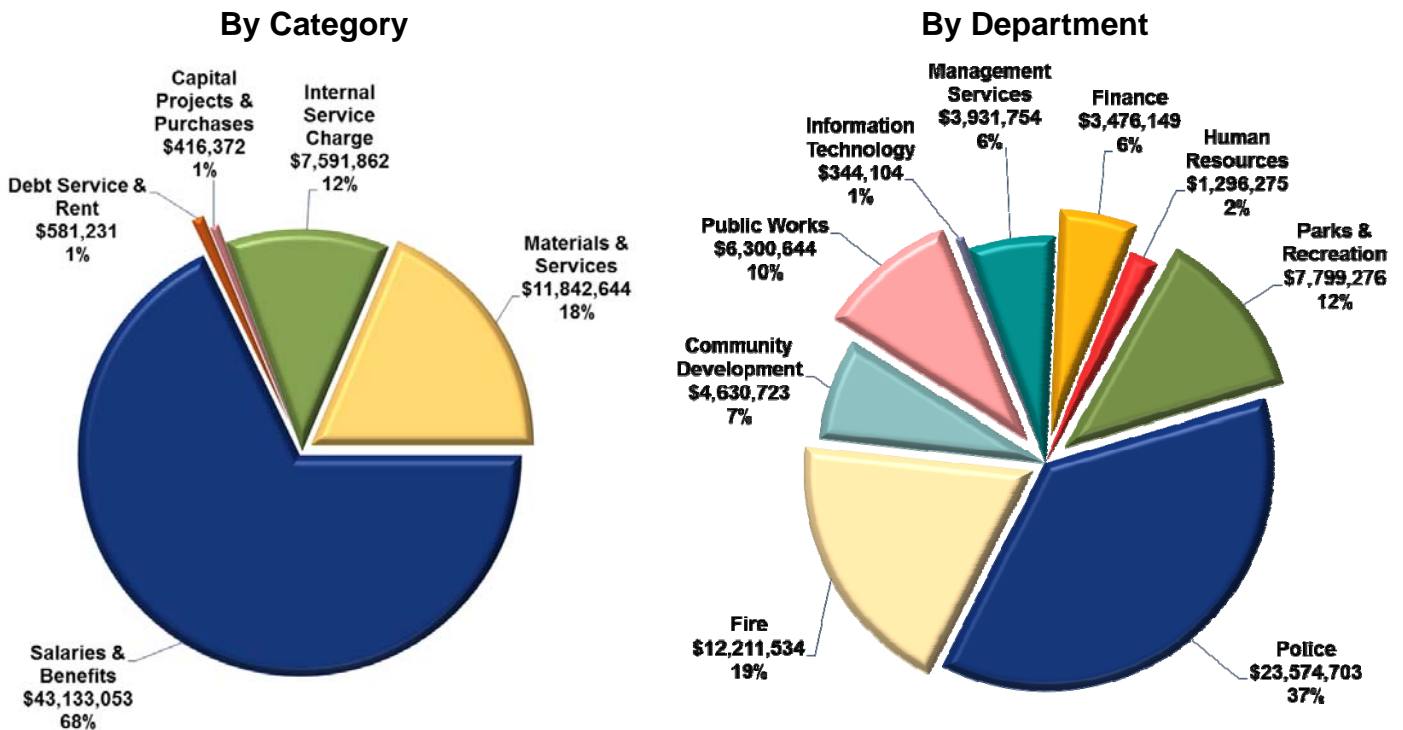
## General Fund Expenditure Highlights (*continued*)

most notable increase is in the Insurance allocation, which is up \$0.5 million or 33.0%, a direct result of the high level of Workers Compensation and Liability claims activity recently. The Fleet Maintenance allocation is also up as a result of Workers Compensation costs in the Fleet operation.

Debt service decreased by \$776,673 or 57.2% from the prior year to \$581,231. The decrease is due to the payoff of Pension Obligation bonds in FY 2014-2015.

Including capital expenditures and debt service, the General Fund has an operating surplus of \$87,338 for FY 2015-2016.

### General Fund Use of Funds \$63,565,162



## Looking Ahead

The City of Manhattan Beach continues to see overall economic stability, with major revenues advancing along with the improving economy. Budget goals remain to efficiently maintain the levels of service currently provided to residents, reduce expenses wherever practical, meet employee obligations and maintain adequate General Fund reserves, while retaining the City's triple-A credit rating from Moody's and Standard & Poor's. While there are upcoming issues with respect to escalating pension costs and increasing subsidies to other funds, the City is committed to remaining fiscally sound through balanced budgeting, and improving effectiveness and efficiencies in order to meet these challenges.

## Capital Improvement Program

The Capital Improvement Plan (CIP) is the City's five-year infrastructure maintenance, growth and development plan. It is a planning document that presents these needs in the form of project proposals for construction of various capital projects around the City. A capital project is defined as new, replacement of, or improvements to infrastructure (buildings, roads, parks, etc.) which generally have a minimum life expectancy of five years and a minimum expense of \$10,000.

Appendix schedules in the Operating Budget document include the full list of Capital Project expenditures planned in FY 2015-2016 as well as budgeted equipment and vehicle purchases.

Project Type	Major Projects included in Five Year CIP	2015-2016 Budget
Facilities	<ul style="list-style-type: none"> <li>Facility improvements</li> <li>Fire Station 2 Design Development</li> <li>Pier Improvements, including Roundhouse and Comfort station</li> </ul>	\$7,034,973
Parking	<ul style="list-style-type: none"> <li>Parking Structure Structural Rehabilitation/ Reinvestment</li> </ul>	1,250,129
Streets/Transportation	<ul style="list-style-type: none"> <li>Sepulveda Bridge Widening</li> <li>Rosecrans Undergrounding &amp; Widening</li> <li>Aviation at Artesia, SB to WB Right-turn Lane</li> <li>CDBG Access Ramp Construction</li> <li>Improvements at 38th &amp; Highland</li> <li>Strand Stairs</li> <li>Safe Routes to Schools</li> <li>Annual Curb, Gutter and Ramp Replacement</li> <li>Slurry Seal</li> <li>Street Resurfacing Projects</li> </ul>	8,182,853
Stormwater	<ul style="list-style-type: none"> <li>Storm Drain Projects (spot repairs and sections)</li> </ul>	510,000
Wastewater	<ul style="list-style-type: none"> <li>Rehabilitation of Gravity Sewer Main Projects</li> <li>Lift Station Upgrade Projects (4)</li> </ul>	989,376
Water	<ul style="list-style-type: none"> <li>Pipe Replacement Program and Fire Hydrant Installation (Area 2)</li> <li>Peck Ground Level Reservoir Replacement</li> <li>Block 35 Ground Level Reservoir Replacement</li> <li>Well Collection Line from Well 11A to Block 35</li> </ul>	3,319,473
<b>2015-2016 Capital Projects Total</b>		<b>\$21,286,804</b>

## The City of Manhattan Beach

At 120 feet above sea level, Manhattan Beach, located on the southerly end of Santa Monica Bay, dates back to 1901 when John Merrill and George Peck combined their owned portions and tossed a coin to see who would name the land. John Merrill won and named the area after his former home of New York City. The first downtown building, which later served as city offices, was built soon thereafter along with two wooden piers, and planks for vehicle and pedestrian ways. The City of Manhattan Beach was incorporated on December 2, 1912 as a general law city.

Today there are approximately 35,738<sup>(a)</sup> residents living within the City's 3.9 square miles. With over two miles of beach front property, the City boasts 40 acres of recreational beach and a 928 foot long pier, in addition to the 54 acres of developed parks, 21-acre parkway, nine-hole golf course and two community centers. The City is serviced by two fire stations, one police station, a Los Angeles County branch library (reconstructed in 2015), 291 authorized full-time employees, and is presided over by a five-member council each serving a nine-month mayoral position during their four-year term.

*(a) US Census Bureau, 2012 estimate*



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California

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